

DRAFT FINAL REPORT

MONITORING PROGRAM PERFORMANCE: USAID/HONDURAS

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This report documents the process and products of a technical assistance TDY, which was conducted between August 24 to September 4, 1992. The technical assistance was provided through (1) the support of the PRISM Project being conducted by AID's Center for Development Information and Evaluation (CDIE) and (2) the LAC Bureau's Program Performance and Assessment System activities. The PRISM project is being conducted through a contract to Management Systems International (MSI), with support from Labat-Anderson, Inc. and Research Triangle Institute (RTI).

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CHAPTER I

INTRODUCTION

A. Purpose and Scope of Work

The primary purpose of this report is to help USAID/Honduras move closer toward establishing and implementing a monitoring and evaluation (M&E) system as part of its Program Performance Assessment System for the assistance programs reflected in its five strategic objectives and corresponding program outputs. The secondary purpose of this report is to provide preliminary feedback to the Mission on substantive issues that emerged during our technical assistance visit.

When the M&E system is installed, USAID/Honduras should be able to collect the data needed on a regular basis to assess and report the impact of its portfolio in its five strategic program areas. This information will be used for the Mission's own management purposes and for reporting to AID/Washington and Congress.

This report documents the results of a five-person TDY conducted during the two weeks of August 24 through September 4, 1992. The TDY had five major objectives which were shared with and accepted by mission management upon the team's arrival. The five objectives, which served as our scope of work for the TDY, were as follows:

- (1) USAID/Honduras's strategic objectives (SOs), program outputs (POs), and indicators (for both SOs and POs) will be refined, as necessary, in order to provide a clear, logical framework for developing useful M&E plans and to address the LAC Bureau's substantive concerns with the program.
- (2) An M&E plan for each strategic objective and the program outputs supporting it will be produced. Each plan will include the elements identified in the LAC Bureau's draft M&E Guidance.
- (3) Mission staff will have participated actively in the activities needed to achieve objectives 1 and 2, and staff will be committed to continue developing and implementing the M&E plan beyond the TDY period.
- (4) The next steps that the mission needs to take in order to complete the M&E plan will be identified, and a plan for accomplishing those tasks will be developed.

- (5) A draft report outlining the results of the two-week TDY will be prepared.

B. Description of the Two-week Process

Upon arrival, the TDY team met with the USAID/Honduras's Mission Director and Development Programs Office staff to establish agreed-upon objectives for the TDY and to set a schedule for the two-week process. Brief meetings with the heads of offices responsible for specific strategic objectives were also held. At these meetings, the team briefed the office heads on the TDY's purpose and process, and the office heads updated the team on developments in their program areas that had a bearing on the M&E planning process about to commence.

On the second day of the TDY, the team conducted an all-day workshop, which was designed to brief mission staff on the LAC Bureau's new draft M&E planning guidance and to get SO workgroups quickly into the M&E planning process. In addition to the M&E guidance, the workshop had two substantive components: the identification by each SO workgroup of key questions that managers and policy makers were likely to want answered about its program, and the development of a preliminary plan for assessing program impact on the poor. The products of these two substantive planning activities served as focal points for the development of M&E plan specifications during the remainder of the TDY. (Copies of the TDY schedule and the workshop schedule are presented in Annex 1.)

During the next six business days, the SO workgroups worked with facilitators from the TDY team to refine objectives and indicators and to develop specifications for assessing progress at the SO and PO levels. The refinements included, in some cases, revising the language in objectives and indicators in order to make them more precise, dropping or adding objectives or indicators in order to improve the integrity and quality of the strategic plans and monitoring plans, and identifying key assumptions that underlay the program design or the choice of indicators. The M&E specifications included information on the sources of data, methods of collecting and analyzing data, costs of doing so, information uses and users, costs of collecting data, and so on. Annex 2 presents a list of the elements that, according to the TDY team, constitute a well developed M&E plan.

On the ninth business day of the TDY, a two and one-half hour mission-wide meeting was held, at which each SO team presented the highlights of its M&E plan as developed to date. This gave all, including the Mission Director, a chance to get clarification and offer suggestions for additional development of indicators and M&E specifications.

Finally, on the last day of the TDY, the team prepared and submitted a first draft of this report, which was left with the mission for review. On the basis of that review, this revised draft and, upon mission request, a separate draft M&E plan were prepared. The draft M&E plan is intended for the mission's use as a working document in planning and

implementing its M&E activities over the next several years. This report includes the material in the draft plan plus narrative, analysis, and recommendations. We expect that the draft plan will live on long after this report has gathered dust, but that mission staff will have used the recommendations and observations made in this report to inform their completion of the M&E plan and their implementation of the data collection and analysis specified in it.

C. Summary of TDY Activities, Products and Results

During the TDY, the technical assistance team engaged in the following activities and produced the following products:

- A one-day workshop was conducted, during which each strategic objective workgroup identified key manager questions as a basis for M&E planning and focused on means of measuring program impact on the poor.
- A series of meetings was held with staff and key managers to refine the objective tree for each strategic objective, and to develop specifications for monitoring and evaluation with respect to each strategic objective. The products of those meetings are presented in this report and a separate draft M&E plan for the mission.
- A meeting on 4th Generation Evaluation was conducted for interested staff and key managers.
- A demonstration of a pilot management information system linking program-level and project-level data was conducted.
- A mission-wide meeting at which strategic objective workgroups shared their products was held.
- A draft report summarizing TDY accomplishments with respect to each of the five strategic objectives was prepared for review by the mission. Two products have been generated from that draft report: this final draft report and a separate draft M&E plan for the mission to use in preparing its next Action Plan and in moving ahead with performance monitoring and evaluation for its five strategic objectives.

D. Recommendations for Next Steps

To continue supporting the progress that has been made, the technical assistance team offers some next steps based on the following assumptions:

- Recommended next steps must be "reasonable" in terms of costs, schedules, and staff skill requirements.
- Recommended next steps will build upon existing Mission capabilities and activities. Current monitoring and evaluation efforts are working very well, providing Mission staff and stakeholders with much useful high quality information. These efforts are to be not only continued but also reenforced and enriched to serve as a sound base upon which future efforts can build.
- Recommended next steps must be implemented incrementally and carefully assessed as to feasibility and impact.

It is within this context, then, that the technical assistance team offers the following recommendations:

- 1) Review current monitoring and evaluation plans of each Strategic Objective for
 - Accuracy and currency of data
 - "Reasonableness: of processes and activities in terms of
 - schedules
 - costs
 - resource requirements (personnel, training, etc.)
 - data availability
 - data dissemination
 - etc.
- 2) Adopt a "systems approach" to monitoring and evaluation of Mission projects and programs
 - Prepare a Mission Order on M&E to establish roles and responsibilities of mission staff for M&E.
 - Incorporate M&E roles and responsibilities into staff EERs and PARs. This will serve to legitimize the M&E process, and facilitate ongoing M&E efforts.
 - Establish a mission-wide committee or task force to coordinate such M&E activities as household surveys, opinion polls, attitudinal surveys,

special studies, and other selected themes that cut across strategic objectives. This coordinating committee would continue the dialogues initiated during this technical assistance visit among different functional areas, a process by which all programs and projects would be enriched. In addition, scheduling and resource allocation requirements would be shared among the various functions facilitating more efficient use of mission resources.

- Integrate current M&E efforts into the proposed evaluation system, i.e. monitor project-level M&E activities that contribute to strategic objective achievements during the project review (SAR) process.

3) Establish an evaluation system design

- Identify the data needs and linkages among projects and within programs. This will help to optimize data collection efforts, and avoid data collection duplication, increasing the efficiency of the data collection processes.
- Identify data collection procedures that link project to the program level, and programs with each other. This process can lead to identifying data collection procedures that might cut across strategic objectives.
- Develop a mission-wide schedule of evaluation activities by strategic objective to facilitate the coordination of M&E activities. This mission-wide schedule, developed by the coordinating committee, can serve to guide scheduling project and program deliverables and resource allocation requirements.
- Identify and track costs associated with implementation of M&E activities to ascertain cost-benefits of M&E activities.
- Establish a coordinated and well-integrated dissemination and reporting plan.

4) Initiate implementation of the M&E system

- Select a program area for initial implementation. It is suggested that the area selected be one that is currently most "advanced" in terms of having developed and implemented an M&E system. It might also be one for which data are readily available, and staff has a sincere interest in refining its M&E processes.

- Monitor M&E system progress frequently and carefully to ensure optimum quality.
- Review and revise system components, and when there is agreement that the M&E system is worthwhile, select a second area for implementation. Continue the incremental assessment processes until all areas have implemented the M&E system.

E. USAID Assessment of the Technical Assistance Provided During the TDY

The technical assistance team prepared a questionnaire for Mission staff to use to assess the technical assistance provided from August 26 to September 4. The questionnaire sought to measure meeting the TDY objectives and the effectiveness of the one-day workshop. In addition, two open-ended questions were included to obtain comments and recommendations regarding an overall assessment of the TDY.

A total of 27 staff responded, which comprises about two-thirds of the staff that were involved in the M&E plan development exercise. First, staff were asked to assess the extent to which the four TDY objectives were achieved. Their responses are summarized as follows:

- Refinement of the mission's strategic objectives, program outputs and indicators: 23 of the respondents indicated that some or a considerable amount of useful refinement was made. Only three thought a great deal of useful refinement was made, and one thought there was little useful refinement.
- Level of satisfaction with the monitoring and evaluation plans that were developed for each strategic objective: 23 of the respondents were somewhat or very satisfied with the plans. One person was extremely satisfied and two indicated very little satisfaction.
- Staff commitment to continued development and implementation of the M&E plans: 17 stated they felt good or excellent commitment was established, while 9 developed some commitment. No respondents indicated poor or no commitment.
- Clarity about next steps for the Mission to complete the M&E plans: 15 understood the next steps well, 10 understood the next steps somewhat, and two understood the next steps poorly.

Staff were asked to assess each aspect of the one-day workshop. They responded as follows:

- 22 respondents found the orientation to the LAC Bureau M&E Guidance to be helpful and eight found it somewhat helpful. Two thought it was very helpful and two found it not at all helpful.
- 20 respondents found the session on identifying the key manager's questions for each SO M&E plan to be very useful or useful. Six found it to be somewhat useful.

- 24 found the session on measuring impact on the poor informative to somewhat informative. One person found it not to be informative at all.

Staff were then asked two open-ended questions:

- (1) "Please comment on this two-week TDY. Did you learn about how to do monitoring and evaluation and do you think the time and effort was well spent in preparing USAID/Honduras for future monitoring and evaluation activities?"

The responses to this question were diverse. In general, some felt the job could have been accomplished in a shorter time frame and a few thought not that much was accomplished. There was doubt expressed by several about the utility of all this work when the PRISM/PPAS concept may not endure the test of time and political change. Finally, there was concern that the time was spent on refinement of SOs and P.O.s and not on learning more about M&E, although some commented that they had learned more about M&E.

- (2) "Please make any suggestions or recommendations that would help to improve future technical assistance in M&E planning."

Some respondents commented on shortening the TDY period, choosing a better time of year, reducing the workshop to a one-hour orientation, allowing for the time needed to do refinement and time to do the M&E planning, discussing next steps earlier for the more developed SOs, identifying the management questions during the strategic planning stage, and providing more on measuring impact on the poor.

CHAPTER II

OVERVIEW OF THE MISSION'S STRATEGIC PROGRAM

The figure on the next page presents USAID/Honduras's program--its two mission goals, five strategic objectives, and each strategic objective's supporting program outputs. The rationale underlying selection of the specific goals and strategic objectives is laid out in other documents (e.g., the mission's latest Program Objectives Document and Action Plan); therefore, it will not be presented here. In this brief chapter, we will simply point out modifications in the overall strategic plan that were made during the monitoring and evaluation TDY.

No changes were made in the two mission goals of "equitable and sustainable economic growth and development" and "consolidation of the Honduran democratic system." There were a few changes in strategic objectives and program outputs, however.

The original wording of the first strategic objective (SO 1) at the conclusion of the first technical assistance TDY in January, 1992, was "increased agricultural production and exports." "Investment" was added for the Action Plan submission in March, but deleted during the recent technical assistance TDY. The focus on increased agricultural investment was shifted to the program output (PO) level, because the work group believes that investment is a means to achieving more production and exports, and, as such, it is a lower order objective. With this change, the SO now calls for only increased agricultural production and exports. The emphasis on increased investment is now captured in PO 1.1, "improved profitability and climate for agricultural investment."

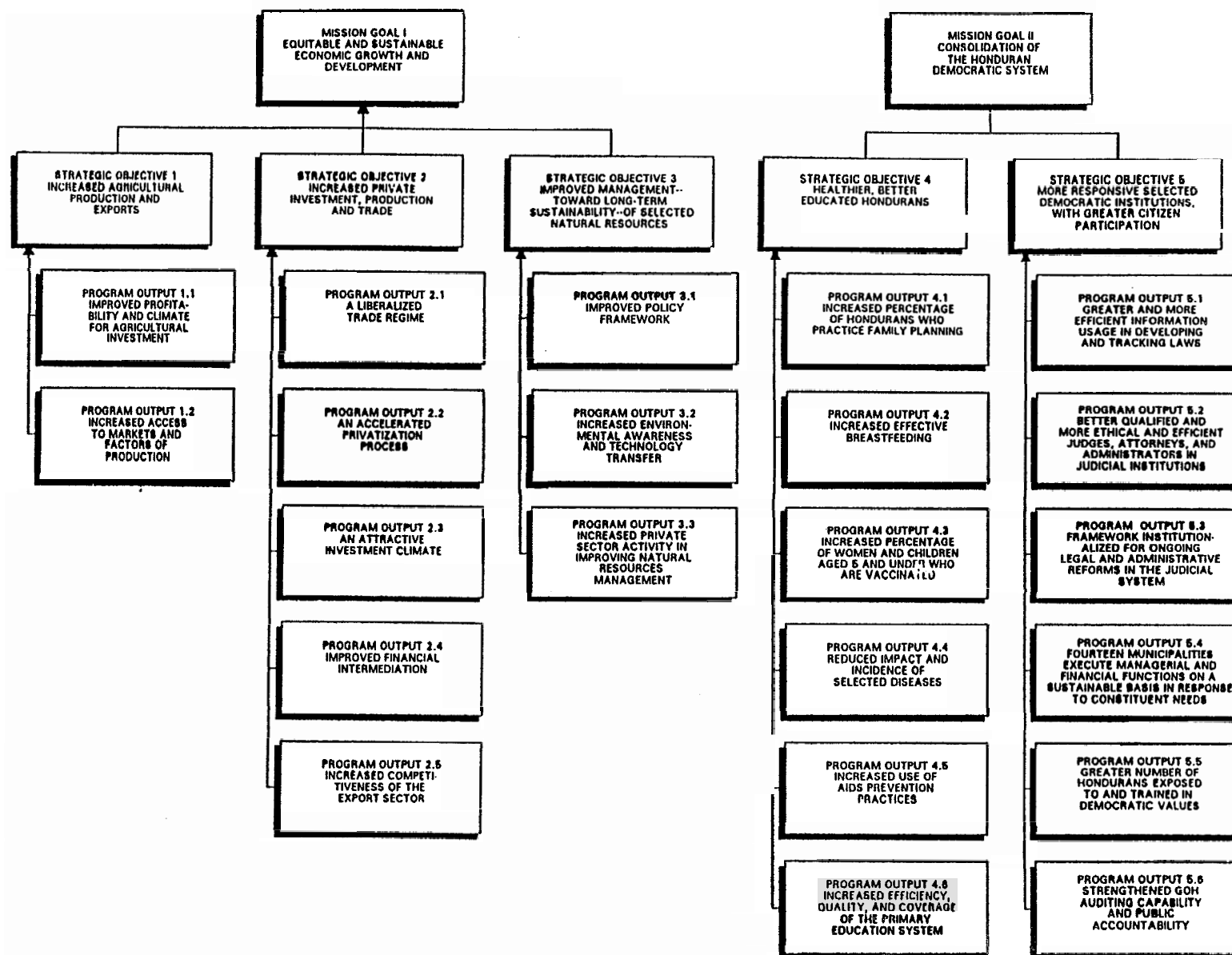
SO 1 now has two PO's instead of four. The original PO 1.2, "increased promotion of private investment in domestic and export agriculture," has been subsumed under PO 1.1; and the original PO 1.4, "creation/strengthening of private sector institutions servicing agriculture," has been subsumed under PO 1.3, "increased access to markets and factors of production," because the institutions are being strengthened as a means of improving markets and factors of production. The purpose of these changes in SO 1 is to improve the focus of the program and better distinguish between means and ends in the program strategy.

At the conclusion of the first technical assistance TDY, the wording of SO 2 was "increased private investment and trade." In the mission's subsequent Action Plan, however, the wording was changed to include "production:" "increased private investment, production, and trade." This revised wording has not been changed during the recent technical assistance TDY.

There have been several changes in the wording of PO's since the first technical assistance TDY. The wording of PO 2.1 has evolved from "establish trade reforms" (first

USAID/HONDURAS GOALS AND STRATEGIC OBJECTIVES

(Revised: September 4, 1992)



TDY) to "trade reforms adopted" (Action Plan) to "a liberalized trade regime" (this TDY). The wording of PO 2.2 has also evolved, from "improve privatization process" (first TDY) to "privatization process accelerated" (Action Plan) to "an accelerated privatization process" (this TDY). PO 2.3 has been revised from "improved investment climate" (first TDY and Action Plan) to "an attractive investment climate" (this TDY). These minor revisions reflect an attempt to be a little more precise about the kinds of improvements being sought.

PO 2.4, "improved financial intermediation," has not changed. PO 2.5 originally read as follows: "promote and develop investment and exports." It was revised slightly for the Action Plan to read: "increased investment promotion and export development." As a result of the recent TDY, however, this PO has been split into two elements: the investment promotion part is now subsumed under PO 2.3, and the part dealing with technical assistance to export-oriented firms has been subsumed under a new fifth PO, which reads as follows: "increased competitiveness of the export sector." These changes are explained in Chapter III, Section C. An original sixth PO, "strengthen selected private sector institutions to ensure their self-sustainability," was dropped during the recent TDY. The strengthening of institutions is now seen as a means to the ends identified in PO 3, PO 2.4, and PO 2.5.

The wording of SO 3 has been changed to clarify its meaning. What was originally "more efficient management and sustainable use of selected natural resources" (first TDY and Action Plan) is now "improved management--toward long-term sustainability--of selected natural resources." This change broadens improved management to include more than just increased efficiency; removes the suggestion that the mission expects to accomplish sustainability during the 5-7-year SO term, and highlights the mission's focus on improving management--at the individual, industrial, NGO, and governmental levels.

PO 3.1, "improved policy framework," is as originally defined. The original PO 3.2, "reoriented and strengthened GOH institutions responsible for natural resources," has been dropped because the one institution needing reorientation has been reoriented and the mission is not conducting any strengthening activities in the governmental sector. The original third and fourth POs, "development and dissemination of new/improved technologies" and "increased environmental awareness," were combined into one in the Action Plan. The new PO 3.2 is "increased environmental awareness and technology transfer." (We think this combination is ill-advised, given the different target groups and purposes of the two major elements.) Finally, the original PO 3.5 (now PO 3.3), "increased capacity of private sector to contribute to improved natural resource management" (first TDY and Action Plan) has been revised to focus on the behavior of the private sector, not just its capacity to behave: "increased private sector activity in improving natural resources management."

SO 4 has not changed since its original conception. There have been several changes among the POs, however. The planning effort during the first TDY yielded eight POs, but two of those were dropped at the Action Plan stage--"improved administration and delivery of health care by the MOH, especially at the rural health center level," and "better educated Honduran workers." While neither deletion was explored during the second TDY, we

surmise that the first of these POs was dropped because it really is a means to accomplishing the other, more results-oriented POs, not a high-level result in its own right; and we suspect that the second was dropped because it simply does not fit in with the singular focus on children in the "better educated" part of the SO

There has been no substantive change in the current PO 4.1, 4.3. and PO 4.6. The current PO 4.2, "increased effective breastfeeding," used to read "increased percentage of mothers who are breastfeeding exclusively for the first four months." This change was made during preparation of the Action Plan to include a focus on not only breastfeeding exclusively for the first four months but also the total number of months that mothers breastfeed (see the two program indicators in Chapter III, Section E). The substantive change in PO 4.4 is the inclusion of the phrase "and impact" during the recent TDY. An indicator for cholera fatality rate will measure the impact of one key disease. PO 4.5 originally stated, "increased detection of AIDS/STDs and increased use of AIDS prevention practices." It is not clear to us why the detection part of the objective was dropped, but we think the change does provide more focus to the PO and more emphasis on people-level impact.

There has been no change in SO 5., nor in what are now POs 5.2, 5.3, 5.4, or 5.5. The wording of POs 5.1 and 5.6 has been simplified, but the intent remains as it was when the objectives were initially crafted. The only major change for this strategic objective is the omission of a P.O dealing with elections. The effort during the first TDY generated a PO that read as follows: "more accurate electoral registry and voting systems." This PO was omitted from the Action Plan. While one of the three key performance indicators for SO 5 deals with public perceptions of whether elections are open, fair, and free, it is not clear at this point that the mission is doing anything specific to have a direct impact on elections and, consequently, people's perceptions of them. It may be simply the case that public perceptions of elections will be used as a general barometer of the responsiveness of democratic institutions and processes (the aim outlined in the SO statement).

CHAPTER III

MONITORING AND EVALUATING THE PERFORMANCE OF USAID/HONDURAS'S PROGRAM

A. Introduction

This chapter reports the results of the discussions and work of each of the five SO work groups. It lays out the information needed for monitoring and evaluating performance for each of the SOs and POs in USAID/Honduras's strategic program, with, where we felt necessary, the commentary and analysis of the TDY team. Each of the five following sections is devoted to one SO and is organized according to the M&E plan outline provided in Annex 2.

B. Strategic Objective No. 1: Increased Agricultural Production and Exports

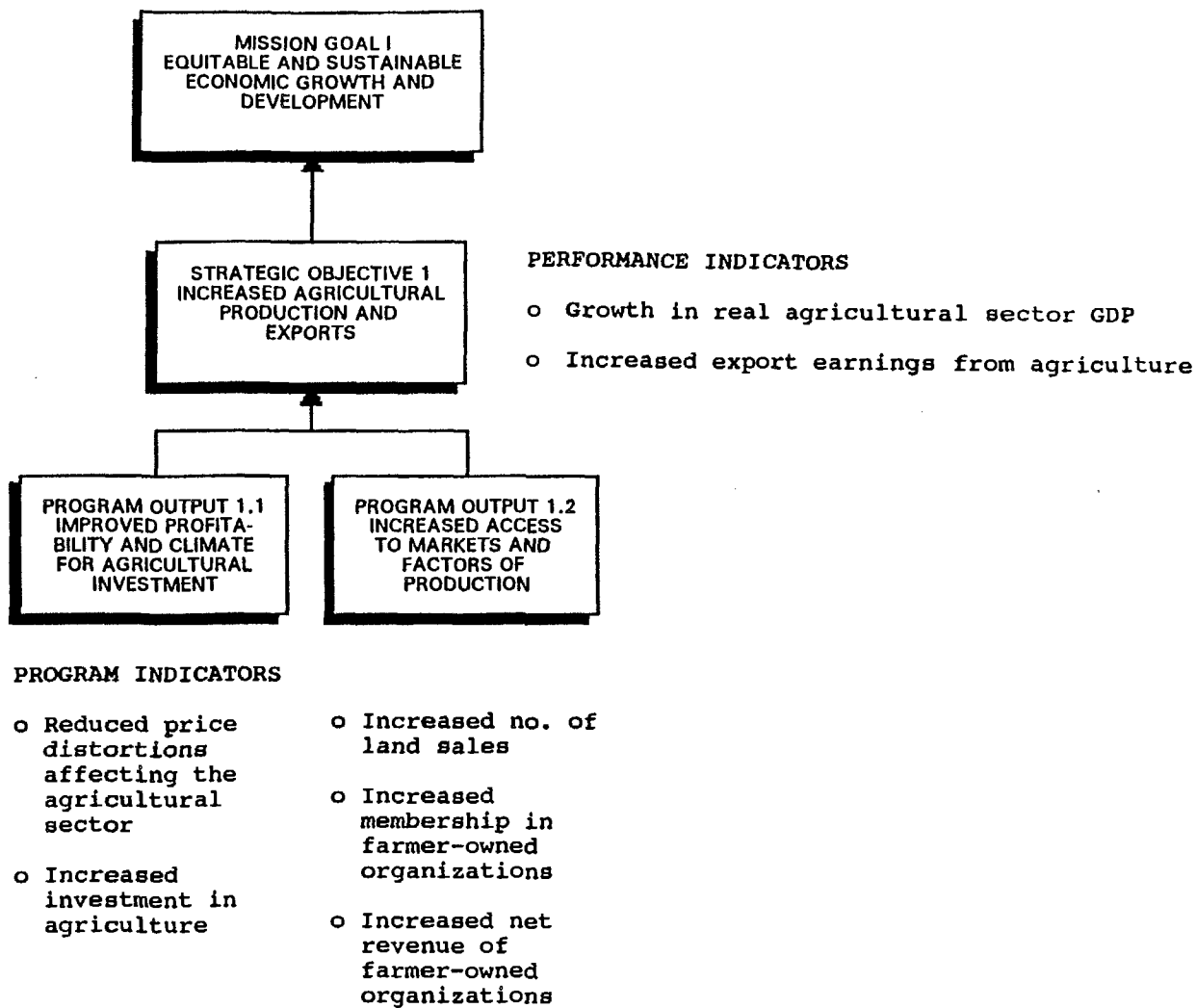
1. The Strategy and Intended Impacts to be Monitored/Evaluated

The mission's first strategic objective has been reworded to focus exclusively on **Increased agricultural production and exports**. To accomplish this objective, the mission has also consolidated its activities into two major program outputs, which, if achieved, will make it reasonably likely that this strategic objective will be achieved. These program outputs are: (1) **Improved profitability and climate for agricultural investment** and (2) **Increased access to markets and factors of production**. These changes represent an improvement in the focus of the program and in the logic underlying the relationships between means and ends. These revisions in the program are reflected in the new objective tree which is presented on the next page.

The change made at the strategic objective level is to eliminate the term "investment." The purpose behind this change is to make it clearer that the overall thrust of this strategic objective is on increased output, namely production and exports. Increased investment is one of the important changes that has to occur in order for agricultural production and exports to increase; in other words, increased investment is one of the means to achieving the increased production and exports. Since increased investment is an important contributor to this strategic objective, one option might have been to make it a separate program output. The consensus of the group that worked on this strategic objective was that changes in agricultural investment make a perfect indicator for the first program output -- **Improved profitability and climate for agricultural investment**.

The mission also reduced the number of program outputs from four to two. What was originally the second program output (Increased promotion of private investment in

USAID/HONDURAS STRATEGIC OBJECTIVE 1



domestic and export agriculture) is no longer necessary, now that "investment" has been dropped from the strategic objective and, in any event is more of an activity than a program output. And the original fourth program output was collapsed into the original third program output. This latter change was made because, on further reflection, the mission realized that the "Creation/strengthening of private sector institutions servicing agriculture" was one of the answers to the "how" question for the third program output -- how farmers are going to get **Increased access to markets and factors of production**. Again, the purpose of these changes was to improve the focus of the program and to strengthen the logic underlying the program by making outputs that are means for achieving other outputs subordinate to those outputs.

These changes do not affect the mission's overall strategy with respect to economic growth. Getting more growth in the agricultural sector is still seen as a necessary condition for achieving the mission's overall goal of "Equitable and Sustainable Economic Growth and Development." The mission also still believes that it is important to maintain a separate focus on growth in the agricultural sector, for several reasons. To begin with, the agricultural sector still plays a major role in the Honduran economy. Second, over the period covered by the mission's strategy (1992-1997), the mission sees the agricultural sector as the one sector in the Honduran economy that will be able to respond most quickly to improved policy signals and opportunities and thus will be able to increase output, and also exports, most significantly. Third, treating the agricultural and manufacturing sectors separately also makes sense because these two sectors are affected by a variety of different laws, policies and incentives; are managed and overseen within the GOH by different ministries; have different economic constituencies within the country; and can move independently of each other depending on the policy framework and market conditions affecting the different investors and producers in the respective sectors.

The mission recognizes that this is a high level strategic objective, the achievement of which could be adversely affected by a number of factors outside the mission's control. In committing itself to progress under this strategic objective, therefore, the mission is making a number of important assumptions about future political and economic conditions, among which are the following:

- The GOH will maintain and deepen its stabilization policies in order to merit on-going support from the IMF and World Bank.
- The IMF and the World Bank will take the leadership role in supporting the country's economic stabilization program.
- The next Honduran Government will maintain and, perhaps, improve on the macro and sectoral policy reforms implemented by the current government.
- Domestic and foreign markets for cash crops will continue to function and develop (e.g., the bottom will not drop out of the international coffee market).

- The country's inadequate infrastructure, including transport and storage facilities, will not seriously affect the ability of the agricultural sector to grow as projected over the next five to seven years, but could become a major constraint to growth in agricultural production and exports thereafter.

Despite the importance of these assumptions and the mission's lack of control over their being realized, the mission still believes that achievement of the strategic objective is within its "manageable interest," given the totality of the activities and resources that the mission will be devoting to the accomplishment of this objective. These activities include policy dialogue under a multi-year Structural Adjustment program and the PL 480 Title III Program, the use of local currencies from the Title III Program and on-going and new mission projects. The activities and projects that support each of the revised program outputs are listed in Table 1.1 at the end of this section.

2. Major Users of M&E Information and the Information They Need

There are many potential users of the information provided by the mission's M&E system. These users include the U.S. Congress, AID/Washington in general, the LAC Bureau, and mission program and project managers. Each of these users has different information needs which should be taken into account in the development of the mission's program monitoring and evaluation plan.

Identifying the key questions of interest to specific groups of managers is of particular importance as a means to guide the selection of indicators. Key managers questions were identified for the strategic objective and each of the program outputs. These are listed in Table 1.2. In designing the monitoring and evaluation system for this strategic objective, particular emphasis was placed on developing answers to the following questions which were thought to be of interest to members of Congress, staff in AID/Washington, or mission program managers:

- Has the value of agricultural production and export earnings increased as a result of the mission's policy reform and program activities? And if not, why not?
- How have people benefited? That is, what have been the impacts of increases in agricultural production and exports on households' incomes, consumption and nutrition? And in particular, what has been the impact on the poor? and women?

3. Performance Indicators, Means of Collecting Data, and Targets to be Used for Measuring Progress on the SO and POs and for Answering Key Managers' Questions

The mission has selected a total of seven indicators to measure performance toward this strategic objective and the accompanying program outputs. This is a significant reduction from the 20 indicators that were proposed in the Action Plan. The mission work group responsible for the identification of these indicators believes that this smaller set of indicators will do a better job of answering the key managers' questions than the larger number that were originally proposed--a "better job" in the sense that these indicators will do as good or better job of capturing the most important aspects of program performance under this strategic objective at less cost to mission staff.

In selecting these indicators, the work group also made a conscious decision not to try to include each and every indicator relevant to this strategic objective that the mission is tracking. In other words, indicators such as progress in the passage of a law or the development of implementing regulations that are considered to be important to mission program and project management but not to AID/W will not be included as a regular component of this performance monitoring system. Indicators of this type will still be monitored as part of a project monitoring and evaluation system or under the monitoring and reporting requirements of the ESF or PL 480 Title III program. If significant changes occur in these indicators, they can always be reported on in the narrative part of the reporting done under this system.

The specific indicators for the strategic objective and the two program outputs are listed in Table 1.3. Information is also provided on the unit of measurement for each indicator, the data source(s), the method to be used to obtain the data, how often the indicator will be collected/developed and reported and which office in the mission will have responsibility for gathering the data on and assessing the meaning of the indicator. All indicators are quantitative and will be reported on an annual basis.

The information needed to monitor changes in these indicators will come from GOH statistics, the agricultural data base that is being maintained by the Agricultural Policy Analysis and Implementation project, or other mission project monitoring systems. Thus the monitoring component of the performance monitoring and evaluation system that is being proposed for this strategic objective will entail minimal additional costs.

Baseline information on each of the indicators and the specific targets projected for each of the years covered under the approved program will be monitored at the mission level using a table similar to Table 1.4. As can be seen from the blanks, considerable work still needs to be done to develop the baseline information and targets for many of the indicators.

Strategic Objective Level Performance Indicators

The mission will use two indicators to measure performance in achieving **Increased agricultural production and exports**:

- Growth (percent change) in real agricultural GDP and
- Growth (percent change) in the value of agricultural exports.

Indicators for the strategic objective are fairly straightforward and directly responsive to the first of the key managers' questions. Increased agricultural production will be measured by using data from the Honduran National Accounts on value added in the agricultural sector. Gross value added is a better measure than the gross value of production because it excludes intermediate inputs (which in the Honduran context tend to be imported) and because it counts only contributions of primary factors of production (land, labor, and capital), which also makes it a measure of income available to households and business for final product expenditures. On the other hand, the potential for error in measuring gross value added is greater than it is in measuring gross value of production. This is so because gross value added is generally not measured by looking at the direct contribution of the factors of production but by looking at the difference between purchased inputs and total revenue. Since information on purchased inputs is not regularly up-dated in estimating intermediate input costs, this reduces the reliability of the gross value added (national accounts) data.

In the Honduran case there is also some question as to whether the national accounts data underestimate the overall value added in agriculture, specifically by underestimating the value coming from the non-traditional agricultural crops, such as melons. Improvements have been made in the information included on the major food crops, and the information included on the major export crops such as coffee and bananas is also adequate. Mission staff are aware of the short-comings of these data and seem willing to consider providing some technical assistance to the Central Bank if an appropriate opportunity should present itself.

Value added in the agricultural sector will be deflated by the implicit agricultural GDP deflator, which is an agricultural price weighted deflator, to get the real rate of growth in agricultural output or the constant price rate of agricultural growth. One can also deflate the value added in agriculture by the implicit non-agriculture GDP deflator, which will show how the value added in agricultural output can be used in purchasing non-agricultural goods and services, including both intermediate purchased inputs and consumer goods. When this number is divided by the rural population and changes are tracked over time, it provides an indication of how rural households as a whole are faring over time compared to urban households with respect to changes in total income. The mission is also tracking this latter indicator to get a better understanding of the impacts of the economic policy reforms that it is supporting on the agricultural sector. However, since this indicator does not give one much of an idea of how individual households or important groups of households (including

low income households) are being affected by the mission's programs (which is one of the key managers' questions), it will not be included as a regular component of this monitoring system.

Increased agricultural exports will be measured by using information available on the country's agricultural exports from Census and Statistics. The mission will obtain these data from the Agricultural Policy Analysis and Implementation project, which routinely collects and aggregates these data. The decision was made to report performance using changes in value rather than quantity, because this is the easiest way to aggregate data from a variety of different commodities. Tracking changes in value also captures changes due to changes in the composition of exports -- the effect of increasing the percentage of high valued exports, for example -- as well as increases in the quantity of exports. The danger in only tracking changes in the value of exports as opposed to changes in quantity of exports is that total value exported can decline even when total volume is going up, if the prices Honduras receives for key exports on the international market are declining. The mission, however, will also be tracking what is happening to changes in the volume as well as value of key agricultural exports (traditional as well as non-traditional). The mission will be able to use those data to assess and report (in the narrative) the reasons that the single indicator selected is going up or down.

The unit of measurement for both of these indicators is the percent change from the previous year with the actual value also given for the base year. One could also use an index number (with the base year set to 100) and measure the percent change from the base year to the current year. This would have the advantage of showing the cumulative change from the base year at a glance.

Percent annual growth rates were selected as the units of measurement, because they are the units used in the economic model being used by the mission economist. More specifically, the previous mission economist had developed a model of the Honduran economy by using percent growth rates for major economic variables. He used this model to develop estimates of the rates of growth that would be needed in various sectors of the economy in order to achieve a desired level of overall growth in GDP. The rates of growth derived from this model were used as the starting point for making decisions on the targets for growth in agricultural sector value added and exports. If the new mission economist does not use this model or makes changes in it, the mission may want to rethink the unit of measurement for these indicators.

Program Output Level Program Indicators

Indicators for Program Output 1.1

The mission will use two indicators to measure progress toward **Improved profitability and climate for agricultural investment:**

- Reduction in price distortions affecting the agricultural sector and
- Increased investment in agriculture.

In addition to these results-oriented indicators, the mission had originally planned to track and report on progress on specific macro and sectoral policy reforms, which are expected to contribute significantly to these results. Maintenance of an appropriate macro policy environment, for example, is considered to be key to improving profitability and the climate for agricultural investment. Continuation of the reforms in commodity pricing and trade policies, land markets and the divestiture by the Government of key agricultural production and marketing activities to make room for the private sector to become more active are also important. The PPAS should focus on program impact, however, not inputs; therefore, the decision was made to exclude reporting on progress on individual policy reforms from this system and to concentrate on tracking measures designed to capture the effects of these policy changes. (This is not to say that policy reform is not being tracked, however. The mission already tracks progress on specific policy reform efforts and reports on progress through the reporting systems associated with the ESF and PL 480 Title III programs, which are the two means through which the mission has influence over the Government's policy reform program.)

To determine whether the policy changes underway are actually resulting in a reduction of price distortions affecting the agricultural sector (one of the key managers questions for this program output), the mission proposes to track, on an annual basis, changes in the effective protection coefficients for six key crops. Taken together, these coefficients account for a major share of the total value of agricultural output of the country. Effective protection coefficients are one of several measures which, once calculated, enable analysts to compare the domestic prices for key agricultural commodities with international prices to determine which commodities are being taxed and which are being subsidized and by how much, and to compare the structure of incentives that exist as a result of current policies with those that would exist in a free trade environment. These measures are already being calculated by the mission's Agricultural Policy Analysis and Implementation Project, along with several other measures of protection, such as the effective protection coefficient and producer and consumer subsidy equivalents. All of these measures are well known. They are also measures that are being calculated for the other Central American countries, which makes them useful in discussions within the region about trade and sectoral policy harmonization.

To simplify this system, only one indicator will be reported on to Washington. The mission, however, will be tracking and assessing the meaning of changes in all of these indicators and will be able to incorporate any important results into the narrative part of its reports to Washington.

The other proposed indicator is relatively straightforward. The best measure of an improved investment climate is whether the total value of investment in the agricultural

sector has increased. Information on investment in the agricultural sector is included in the National Accounts which are developed by the Central Bank and available annually. The mission will collect this information and report on it in constant Lempiras. Before finalizing this indicator, however, the mission needs to check on the definitions used by the Central Bank in the development of this indicator to make sure that they are consistent with the mission's needs and to find out how the final numbers are obtained to determine whether any additional steps are necessary or desirable to improve the quality of these data.

Indicators for Program Output 1.2

The mission will use three indicators to measure progress toward **Increased access to markets and factors of production**:

- Increased number of land sales
- Increased membership in farmer-owned organizations and
- Increased net revenue of farmer-owned organizations.

This was the area in which identifying appropriate indicators was most difficult. In addition to the problems addressed by PO 1.1, lack of access to markets and factors of production was identified in the mission's Agricultural Sector Strategy as one of the major constraints to growth in agricultural production and exports. Important factors of production include access to new/improved technologies, agricultural inputs (fertilizers, seeds, pesticides, agricultural chemicals), land, and market information.

The indicators that were finally selected attempt to capture improved access to land (indicator 1) and to agricultural inputs and new/improved technologies (indicators 2 and 3). Again the attempt was to select a minimum number of indicators to include in this reporting system but to select indicators that would give the most comprehensive view of progress toward the objective. As with the case of the previous program output, the mission will be collecting and analyzing additional indicators as part of its project monitoring responsibilities that will enable it to track changes in additional dimensions of program performance.

In the case of land, the decision was made to track the number of land sales, because this was thought to provide in one number the best indicator of whether land is becoming available to more people, which is the main thrust of the access objective. Total value of land sales is an alternate indicator, but it was rejected because, a small number of very high value land sales could elevate the value of land sales while still keeping the number of people with access to land very low. Reporting on this indicator will be supplemented in the narrative by other information that the mission will be collecting on changes in land markets, including information on the average value and average size of land sales.

Since the primary way that the mission plans to improve farmers access to technology

and inputs is through the creation and strengthening of farmer-owned organizations, tracking changes in the membership of these organizations and in their net revenues was thought to be the most efficient way of measuring progress in access to technology and inputs. The logic is as follows: farmers will join these organizations to improve their access to agricultural inputs and to markets for their products; an increase in the number of members means an increase in the number of farmers with improved access; and a growth in the net revenues of these organizations means that these organizations are providing more inputs and/or expanding marketing services to their membership. Again, other indicators on these organizations will be collected as part of the mission's project monitoring system, and this information will be used in the narrative when relevant to supplement the information on the changes in the two main indicators.

The mission has already sponsored a series of case studies of several different types of these farmers' organizations, for example, in order to better understand their operations, problems and potential impacts. The mission plans to undertake further such studies, but in the future, the design of these studies should be undertaken in the context of the need to better understand the links between the indicators and the program outputs which these indicators are supposed to measure and between the program output and the strategic objective.

The mission also plans to undertake a number of special linkage and evaluation studies. At the strategic objective level two important studies will be undertaken, both of which will help the mission begin to develop some answers to the question of whether and how people have benefited, particularly from the major economic policy reforms that have formed a core component of the mission's program. (This was identified as the second key managers' question relevant to Congress, AID/W and mission program management.)

One approach will be to try to trace the effects of the policy reforms on changes in the prices of agricultural commodities and the resulting changes in agricultural output and to estimate the effects of these changes on the incomes of different household groups within the country. Using data from the GOH's Multi-Purpose Household survey, an analysis is being made of the changes that have occurred in household incomes for eight income classes for urban/rural and rural agricultural/rural non-agricultural classifications. A rural social accounting matrix (SAM) is also being constructed. This will enable analyses of the changes occurring in the agricultural sector by commercial and reform sector and by several different farm size categories within the commercial and reform sectors. Estimates are also being made of the effect of these policy reforms on employment in the agricultural sector.

The first of these analyses is already underway under the auspices of the mission's Agricultural Policy Analysis and Implementation project, and plans are to refine and up-date these analysis periodically, perhaps every two to three years. The estimated cost of the first study is \$40,000.

Further refinements will be needed in the analytical methods, and several

improvements would be useful in the data that underpin these analyses. (Improvements in the data on farm-households' incomes would be particularly useful.) Nevertheless, it is already clear that this approach holds considerable promise for helping the mission better understand the relationships between its programs and people level impacts.

The mission also has plans to finance a sample household survey to collect detailed information on the food expenditure and consumption patterns of Honduran households and on Hondurans' education, health, income, and employment status. This survey was originally planned for 1993 and 1994 as a tool for helping the mission assess the impacts of its Title III program on food security and nutrition. As a result of the analysis done in the preparation of this monitoring and evaluation plan, a consensus seems to be emerging that the design of the survey should be rethought in the context of the mission's need to assess the people-level aspects of its entire program over a longer time frame than two years. Consideration is also being given to improving the data on farm household incomes by adding a module to the survey to get information on farm production, sales and home retentions.

The survey being proposed differs from other data collection tools in use in that it will enable the mission to understand better the relationships among changes in household incomes, food consumption, education, health and nutrition. It is also expected to help assess whether and how each of these variables change seasonally and whether changes in one variable, such as income, are related to changes in other variables, such as health and nutrition. The first survey will allow the mission to begin to explore the complexity of these relationships, including how activities under one strategic objective interact with activities under another strategic objective in producing a total household level impact. If repeated at two- to three-year intervals, this survey would also enable the mission to monitor and evaluate the changes in these variables over time, as well as to ascertain whether changes are occurring in the relationships themselves.

The estimated cost of the first survey, which will be conducted in three rounds in 1993, is \$100,000 to \$150,000, the financing of which will come from PL 480 local currencies.

The work group did not have enough time to consider the types of additional linkage and evaluation studies that might be necessary. More thought still needs to be given to the need for linkage studies at the program output level (particularly for program output 1.2) to understand better the relationships between the indicators and the program outputs that they are supposed to be measuring and between the program outputs and the strategic objective.

The mission work group that worked on the development of the monitoring and evaluation plan for this strategic objective made major progress in improving the focus and logic underlying this program area. This group was very successful in moving beyond its individual projects to a real program level focus -- progress that should be reflected in

improved management toward the strategic objective.

The changes that were made do not reflect a reduction in either the size or the complexity of the program needed to accomplish the strategic objective. What they do reflect is a growing consensus on the mission's real priority thrusts at the program level and an improved understanding of how all these individual pieces contribute to these two major thrusts, i.e., the two program outputs.

Similar progress was also made at the indicator level. That is, the emphasis of the work group was to identify fewer but better indicators -- fewer and better in the sense that they will capture the most important aspects of program performance under this strategic objective with less effort needed on the part of mission staff. This has simplified the performance monitoring requirements under this strategic objective, which again should be reflected in an improvement in the quality of the system.

In other words, considerable progress has been made in developing a true program thrust under this strategic objective. Given this progress, it would be a shame if, in the interests of maintaining symmetry between this strategic objective and other mission strategic objectives, a decision were made to make changes in this group's work that would make its strategic objective and program outputs look more like the other strategic objectives and program outputs rather than vice versa.

Table 1.1: STRATEGIC OBJECTIVE PROGRAM OVERVIEW: USAID/HONDURAS

Strategic Objective 1: INCREASED AGRICULTURAL PRODUCTION AND EXPORTS (continued)

Program Output	Activities	Source of Support	
		Project Title	No.
1.1 IMPROVED PROFITABILITY AND CLIMATE FOR AGRICULTURAL INVESTMENT	Balance of Payments Support and Local Currency in Support of Policy Reforms	PL480 Title III Structural Adjustment Program	PL480 Title III 522-0365
	Policy Dialogue to Promote Liberalized Exchange Rate, Trade, Pricing, and Financial Market policies and other Key Agricultural Sector Policy Reforms (including reforms related to land and water use and privatization of selected Government activities)	Structural Adjustment Program Policy Analysis and Implementation PL480 Title III Irrigation	522-0365 522-0325 PL480 Title III 522-0268
	Provision of Technical Assistance to Identify Policy Failures and Support the Design and Implementation of Macroeconomic and Key Sectoral Policy Reforms	Policy Analysis and Implementation	522-0325
	Promotion of Increased Investment in Domestic and Export Agricultural Production, Related Processing and Marketing Ventures	Small Farmer Agribusiness Development Small Farmer Organization Strengthening Investment and Export Development Export Development and Services	522-0383 522-0252 522-0312 522-0207

Table 1.1 (continued)

Program Output	Activities	Source of Support	
		Project Title	No.
1.2 INCREASED ACCESS TO MARKETS AND FACTORS OF PRODUCTION	Strengthening Agricultural Cooperative Distribution Network; Expansion of the Number of Profitably Operated, Farmer-Owned Businesses Providing Agriculture-Related Services to Members	Small Farmer Agribusiness Development Small Farmer Organization Strengthening	522-0383 522-0252
	Development and Dissemination of New/Improved Technologies	Small Farmer Agribusiness Development Small Farmer Organization Strengthening Agricultural Research Foundation Investment and Export Development Export Development and Services Land Utilization and Productivity Enhancement (LUPE)	522-0383 522-0252 522-0249 522-0312 522-0207 522-0292
	Expansion/Improvement of Access to Market Information	Small Farmer Agribusiness Development Small Farmer Organization Strengthening Investment and Export Development Export Development and Services Policy Analysis and Implementation	522-0383 522-0252 522-0312 522-0207 522-0325
	Maintenance, Rehabilitation and Construction of Rural Infrastructure in Areas of High Agricultural Production (primarily roads and irrigation systems)	Rural Roads Maintenance Irrigation	522-0334 522-0268
	Establishment of Self-Sustaining, Private Sector Led, Effective Research and Service Organizations Oriented Toward Export Agriculture	Agricultural Research Foundation Export development and Services Investment and Export Development Small Farmer Agribusiness Development	522-0249 522-0207 522-0312 522-0383

Table 1.2: KEY MANAGERSQUESTIONS/USAID HONDURAS

STRATEGIC OBJECTIVE/PROGRAM OUTPUT	MANAGEMENT LEVEL	KEY QUESTIONS
SO 1: Increased agricultural production and exports	Congress, AID/W, Mission Program Management	<ul style="list-style-type: none"> Has the value of agricultural production and exports increased? And if not, why not? How have people benefitted? That is what have been the impacts of these increases on household's incomes, consumption and nutrition? And in particular, what has been the impact on the poor? on women?
	Mission Program and Project Management	<ul style="list-style-type: none"> What exports have increased in value? Where is production increasing, analyzed in terms of commodities, geographical regions of the country, commercial or reform agriculture (large or small farms)?
PO 1.1: Improved profitability and climate for agricultural investment	LAC Bureau and Mission Program Management	<ul style="list-style-type: none"> Are there fewer price distortions in the economy? Has government's role in the sector been reduced? Have barriers to entry for new investors in the sector been reduced? Has security of investment improved?
PO 1.2: Increased access to markets and factors of production	LAC Bureau and Mission Program Management	<ul style="list-style-type: none"> Has rural people's access to land, credit, technology, etc. improved? Has access improved for those who historically have had the least access?

Table 1.3: MONITORING AND EVALUATION PLAN/USAID HONDURAS

STRATEGIC OBJECTIVE 1:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
Increased agricultural production and exports	1) Growth in real agricultural sector GDP (with real value calculated using the agricultural sector deflator)	1) Percent annual growth	1) National Accounts	1) Mission will obtain the data from the Central Bank	1) Annually	1) RD/Policy Division
	2) Increased export earnings from agriculture	2) Percent annual growth	2) Trade statistics	2) Mission will obtain the estimates from the Agricultural Policy Analysis and Implementation Project (522-0325) which develops the aggregate numbers based on data on individual commodity exports from Census and Statistics	2) Annually	2) RD/Policy Division
Special linkage/evaluation studies: (1) A linkage study using secondary data; tent. schedule -- 1992/94/96; est. cost -- \$40,000 each. (2) A sample survey of households to obtain baseline data on their incomes, consumption patterns, education and health and nutrition status; tent. schedule -- 1993 for the baseline and several two to three year periods thereafter for monitoring and evaluations purposes; est. cost per survey -- \$100,000.						

Table 1.3 (continued)

PROGRAM OUTPUT 1.1:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
Improved profitability and climate for agricultural investment	1) Reduction in price distortions affecting the agricultural sector	1) Effective protection coefficients for selected crops: corn sugar coffee bananas melons beef	1) Various GOH and other secondary data sources	1) Mission will obtain the estimates from the Agricultural Policy Analysis and Implementation Project (522-0325) which is calculating them as part of the project monitoring and evaluation (M&E) system	1) Annually	1) RD/Policy Division
	2) Increased investment in agriculture	2) Million Lempiras	2) National Accounts	2) Mission will obtain the data from the Central Bank	2) Annually	2) RD/Policy Division

Table 1.3 (continued)

PROGRAM OUTPUT 1.2:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
Increased access to markets and factors of production	1) Increased number of land sales	1) Number of land sales to: men women	1) National property registry	1) Mission will obtain the estimates from the Agricultural Policy Analysis and Implementation Project (522-0325) which will be collecting them as part of its project monitoring and evaluation (M&E) system	1) Annually	1) RD/Policy Division
	2) Increased membership in farmer-owned organizations	2) Number of members: men women	2) Farmers Organizations' records	2) Mission will obtain the data from the Monitoring and Evaluation (M&E) systems of the Small Farmers Organization Strengthening (522-0252) and Small Farmer Agribusiness Development (522-0383) projects	2) Annually	2) RD/Agricultural Export Division
	3) Increased net revenue of farmer-owned organizations	3) Million Lempiras	3) Farmers Organizations' records	3) Mission will obtain the data from the Monitoring and Evaluation (M&E) systems of the Small Farmers Organization Strengthening (522-0252) and Small Farmer Agribusiness Development (522-0383) projects	2) Annually	2) RD/Agricultural Export Division

Table 1.4: SO 1 BASELINE AND TARGETS

STRATEGIC OBJECTIVE 1:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			YEAR	AMOUNT	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Increased agricultural production and exports	1) Growth in real agricultural sector GDP	1) Percent annual growth	1990	1.2%*	3.2%					
	2) Increased export earnings from agriculture	2) Percent annual growth	1990	-1.8%	8.0%					

STRATEGIC OBJECTIVE 1:	INDICATOR	UNIT OF MEASUREMENT	TARGETS					
			1995		1996		1997	
			PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Increased agricultural production and exports	1) Growth in real agricultural sector GDP	1) Percent annual growth	3.2%		4.5%			
	2) Increased export earnings from agriculture	2) Percent annual growth	8.0%		9.0%			

* The base year amount in Lempiras will also be included.

Table 1.4 (continued)

PROGRAM OUTPUT 1.1:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			YEAR	AMOUNT	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Improved profitability and climate for agricultural investment	1) Reduction in price distortions affecting the agricultural sector	1) Effective protection coefficients for selected crops: corn	1988	0.60	1.05-1.1		1.05-1.1		1.05-1.1	
		sugar		1.29	1.05-1.1		1.05-1.1		1.05-1.1	
		coffee		0.73	1.05-1.1		1.05-1.1		1.05-1.1	
		bananas		1.02	1.05-1.1		1.05-1.1		1.05-1.1	
		melons		0.95	1.05-1.1		1.05-1.1		1.05-1.1	
		beef		0.88	1.05-1.1		1.05-1.1		1.05-1.1	
	2) Increased investment in agric.	2) Million Lempiras	1990	110						

PROGRAM OUTPUT 1.1:	INDICATOR	UNIT OF MEASUREMENT	TARGETS					
			1995		1996		1997	
			PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Improved profitability and climate for agricultural investment	1) Reduction in price distortions affecting the agricultural sector	1) Effective protection coefficients for selected crops: corn	1.05-1.1		1.05-1.1		1.05-1.1	
		sugar	1.05-1.1		1.05-1.1		1.05-1.1	
		coffee	1.05-1.1		1.05-1.1		1.05-1.1	
		bananas	1.05-1.1		1.05-1.1		1.05-1.1	
		melons	1.05-1.1		1.05-1.1		1.05-1.1	
		beef	1.05-1.1		1.05-1.1		1.05-1.1	
	2) Increased investment in agric.	2) Million Lempiras						

Table 1.4 (continued)

PROGRAM OUTPUT 1.2:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			YEAR	AMOUNT	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Increased access to markets and factors of production	1) Increased number of land sales	1) Number of land sales to: men women	1992							
	2) Increased membership in farmer- owned orgs.	2) Number of members: men women	1992							
	2) Increased net revenue of farmer- owned orgs.	3) Million Lempiras	1992							

PROGRAM OUTPUT 1.2:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1995		1996		1997	
			YEAR	AMOUNT	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
Increased access to markets and factors of production	1) Increased number of land sales	1) Number of land sales to: men women	1992							
	2) Increased membership in farmer- owned orgs.	2) Number of members: men women	1992							
	2) Increased net revenue of farmer- owned orgs.	3) Million Lempiras	1992							

C. Strategic Objective No. 2: Increased Private Investment, Production, and Trade

1. The Strategy and Intended Impacts to be Monitored/Evaluated

During the 1987-89 period, the Honduran economy recovered from a severe recession that began in the early 1980s, with real gross domestic product (GDP) growing at an average annual rate of nearly 5 percent per annum. In early 1990, soon after assuming office, the current administration adopted an economic program aimed at reducing economic imbalances and realigning relative prices with a view to setting the stage for sustained economic growth and external sector viability. Performance under the program during 1990 was, in general, disappointing: real GDP fell slightly, and the rate of inflation accelerated to 36 percent from 11 percent in 1989. This was due in part to large corrective price adjustments, which were in line with the government's stabilization reforms. The external account deficit, at 7.2 percent of GDP, was below official projections reflecting lower imports. The improvement in net international reserves was less than envisaged, however, because of capital outflows that were partly related to uncertainty regarding exchange rate policy.

In early 1991 the Government of Honduras (GOH) adopted additional adjustment measures to follow those initiated in 1990. Performance during 1991 was satisfactory and all the major objectives of the program, including a real increase in GDP of about 1 percent, were achieved. Inflation during 1991 eased considerably and the country's balance of payments strengthened markedly.

USAID/Honduras' policy dialogue with the GOH calls for a series of actions to achieve increases in economic growth based on more sound sector policies, particularly in the areas of agriculture, finance and trade and investment. As discussed in detail in Section B above, the Mission's strategy in the agricultural sector is to support deep and comprehensive sectoral policy reform to improve land tenure security, pricing, and access to inputs. In the areas of finance, investment and trade, the Mission's strategy is to continue to support structural reforms to improve the efficient allocation of resources to economically and financially viable activities. USAID/Honduras intends to support continued progress toward low and uniform tariffs on imports, improvements in the investment climate through the new investment law, better regulation and improved efficiency in financial markets, and the accelerated privatization of state-owned enterprises. Policy dialogue in this area seeks to improve the investment climate through regulatory, judicial and legal reform and through the enactment of comprehensive intellectual property rights legislation.

These reforms will facilitate a strong, positive private sector response to improved economic policies. A liberalized trade regime will promote efficiency and increase exports by private firms. A more attractive investment climate will stimulate both domestic and foreign investment. Improved financial intermediation is key to generating the domestic savings necessary to finance this investment and is crucial to improving the allocation of productive resources to the most efficient economic activities. Finally, increasing the competitiveness of the export sector will serve to improve Honduras' comparative advantage, the fundamental

requirement to increase market share in the global market of 1990s.

These policy thrusts embodied in the Mission's second Strategic Objective, designated as **Increased Private Investment, Production and Trade**, directly promote the achievement of the Latin America and Caribbean Bureau's Objective of **Support[ing] the Achievement of Broadly-Based, Sustainable Economic Growth**. To accomplish this objective, the Mission has chosen five major program outputs, which, if realized, will make it highly plausible that this strategic objective will be achieved.¹ These five POs are as follows:

- A Liberalized Trade Regime
- An Accelerated Privatization Process
- An Attractive Investment Climate
- Improved Financial Intermediation and
- Increased Competitiveness of the Export Sector.

A number of modifications to the program outputs were made during the PPAS exercise. These modifications represent an improvement in the logical underpinning of the relationships between means and ends. In addition, they sharpen the focus of the Private Sector Program and significantly strengthen the *raison d'être* of the program. The new program structure is presented in the objective tree on the next page.

The number of program outputs has been reduced from six to five. What appeared in the March 1992 Action Plan as the fifth program output, Increased Investment Promotion and Export Development, has been split into two elements: investment promotion and technical assistance provided to export-oriented firms. The first has been subsumed under the activities being carried under program output number three, **An Attractive Investment Climate**, while the second has been subsumed under a new program output designated **Increased Competitiveness of the Export Sector**. The rationale for aggregating Mission-funded investment promotion with policy-oriented interventions to enhance the investment environment is that although investment promotion institutions are not effective substitutes for policies favoring export-oriented investment, given a policy environment attractive to export investment, such institutions speed the process whereby firms learn of profitable opportunities and take advantage of them.

With regard to the decision to place the Mission's firm level technical assistance interventions in a new program output relating to competitiveness, the Private Sector work

¹ Program outputs are defined as those concrete, near-term results of Mission activities that are most likely to contribute to the achievement of a particular strategic objective, are directly attributable to Mission activities and which are suitable for monitoring and reporting at regular intervals (usually annually).

USAID/HONDURAS STRATEGIC OBJECTIVE 2

MISSION GOAL I
EQUITABLE AND SUSTAINABLE
ECONOMIC GROWTH AND
DEVELOPMENT

STRATEGIC OBJECTIVE 2
INCREASED PRIVATE
INVESTMENT, PRODUCTION
AND TRADE

PERFORMANCE INDICATORS

- o Increased private investment (from US \$757 million at end-1991 to \$2.9 billion at end-1997)
- o Increased foreign exchange earnings from expanded production & marketing of manufactured exports (from US \$237 million at end-1991 to \$1.3 billion at end-1997)
- o Increased value of U.S.-Honduras bilateral trade (from US \$1.2 billion at end-1991 to \$2.1 billion at end-1997)

PROGRAM OUTPUT 2.1
A LIBERALIZED
TRADE REGIME

PROGRAM OUTPUT 2.2
AN ACCELERATED
PRIVATIZATION
PROCESS

PROGRAM OUTPUT 2.3
AN ATTRACTIVE
INVESTMENT CLIMATE

PROGRAM OUTPUT 2.4
IMPROVED FINANCIAL
INTERMEDIATION

PROGRAM OUTPUT 2.5
INCREASED COMPETITIVE-
NESS OF THE EXPORT
SECTOR

PROGRAM INDICATORS

- o Elimination of remaining trade surcharge
- o Decreased width of the nominal tariff band net of surcharges
- o Maintenance of the current mix of goods subject to excise tax under Decreto No. 58

- o Increased no. of privatized state-owned enterprises
- o Magnitude of domestic and foreign investment in new plants & equipment attributable to USAID/Honduras supported privatization efforts
- o Incremental employment attributable to USAID/Honduras-supported privatization efforts, particularly among women

- o Removal of impediments to increased investment flows
- o Private institutions which seek to enhance the investment climate able to sustain operations beyond PACD
- o Inflows of domestic and foreign private investment attributable to USAID/Honduras-supported investment promotion activities

- o Improved competition & financial services among formal & viable informal sector financial institutions
- o Increased savings deposit & time deposit base among formal financial institutions
- o Increased access to credit by small-scale enterprises, particularly women-owned, leading to expanded employment opportunities

- o Increased value added in the export sector attributable to USAID/Honduras support
- o Viable private institutions wh. provide support services to export-oriented enterprises
- o New export lines wh. are attributable to USAID/Honduras support
- o Increased empl. in the export sector attributable to USAID/Honduras support, partic. among women

group believed that the favorable macroeconomic policy framework that USAID/Honduras is pursuing with its non-project assistance policy dialogue will create the necessary condition for healthy investment and export growth and diversification. Furthermore, Mission-supported enhancement of the competitiveness of export oriented enterprises is a necessary contributing condition to that growth.

The final program output that appeared in the March 1992 Action Plan, i.e., Selected Private Sector Institutions Strengthened, has been discarded and its elements subsumed into program outputs 3, 4 and 5 where the activities of these Mission-supported institutions contribute to the achievement of these specific program outputs. This final change was largely the result of the fact that upon further reflection, the private sector strategic objective team realized that the envisaged support to these private institutions was simply one of the various means to be employed in helping to create **An Attractive Investment Climate**, to **Improve Financial Intermediation**, and to foster **Increased Competitiveness of the Export Sector**.

It is important to note that the purpose for these changes was not simply for the sake of semantics, rather to improve the focus of the Private Sector Program and to strengthen the logical undergirding of the program. This was achieved by transforming former program outputs that now appear merely to be the means for achieving more specific outputs subordinate to those outputs.

These changes do not affect the Mission's overall strategy of fostering economic growth in Honduras. Achieving more growth through support to the private sector continues to be viewed as a necessary condition for attaining USAID/Honduras' overall goal of **Equitable and Sustainable Economic Growth and Development**. The Private Sector Program team believes in the merits of focusing on non-agricultural private sector-led growth for a variety of reasons, but most importantly it is the belief that this subsector will play the key role in diversifying the Honduran economy.

Also contributing to the achievement of the Mission's strategic objective of increased private investment, production and trade are nine project level interventions (both project and non-project assistance) which will support specific program outputs.

- 1) The flagship project for the second strategic objective is the Export Development and Services project. It develops capability within the private sector to provide efficient export promotion and services for Honduran exporters. New private sector organizations such as the Foundation for Investment and Development of Exports (FIDE) serve as links between Honduran exporters and sources of technical assistance for production, processing and marketing. Credit for working capital and investment is provided through rediscount lines to commercial banks. This project contributes to POs 2.1, 2.3 and 2.5.

- 2) The Investment and Export Development project will assist Honduras to increase private investment and export production thereby increasing sustainable export earnings. This project contributes to POs 2.1, 2.3 and 2.5.
- 3) The Chamber of Commerce and Industries of Cortés (CCIC) project advances the development of private firms with the aim of generating employment in productive sectors. The project enables CCIC to analyze and advocate policies relevant to private business in the area of industrial development and capital market development and engage in investment and privatization promotion. This project contributes to POs 2.1, 2.3, and 2.5.
- 4) The Policy Analysis and Implementation project seeks to strengthen Honduran capacity to formulate and implement economic policies and administrative reforms. The financial sector component will help Honduras to modernize its financial system and develop modern trade financing instruments. In addition, the project has a cooperative agreement with the Honduran Council for Private Enterprise (COHEP) to strengthen the private sector's capacity to analyze economic and administrative reforms. This project contributes to all five POs.
- 5) The Economic Stabilization and Recovery IV program plays a vital role in supporting the adoption and implementation of key stabilization and structural adjustment objectives in Honduras. By providing critical balance of payments support to the Honduran economy, this program has leveraged policy changes crucial to the country's stability and future growth prospects. This program contributes to POs 2.1, 2.2 and 2.3.
- 6) The Structural Adjustment Program supports substantive Honduran policy reforms that 1) accelerate private savings and investment growth; and 2) increase production and export levels. The program has policy reform and implementation components in agriculture, finance and trade and investment. This program contributes to PO 2.1.
- 7) The Privatization of State-Owned Enterprises project supports GOH planning and implementation of activities to privatize state-owned enterprises and public services. This project contributes to PO 2.2.
- 8) Small Business Development II increases employment in the small business subsector encompassing micro to medium size enterprises. The project seeks to 1) strengthen the small business support system created over the past three years under several Mission-supported projects which offer technical assistance, training and credit to target businesses; 2) encourage local private commercial banks to continue to expand their lending programs for the small business community; and 3) establish programs in small business promotion, marketing and research which will encourage the growth of small business.

This project contributes to both POs 2.4 and 2.5.

9) PL-480, Title III resources contribute to the achievement of POs 2.1, 2.2, and 2.3.

2. Major Users of M&E Information and the Information They Need

There are a variety of potential users of the information provided by this Monitoring and Evaluation plan for USAID/Honduras. These include, among others, the U.S. Congress, A.I.D./Washington in general, the Latin American and Caribbean Bureau, and Mission program and project managers. Each of these users has different information needs, which need to be taken into account in the development of the Mission's program monitoring and evaluation plan.

In order to identify the key questions of interest to specific groups and levels of A.I.D. managers, a series of "Managers' Questions" were gleaned from discussions with key Mission personnel involved with the Private Sector Program Strategic Objective. Key questions were identified for the strategic objective and each of the program outputs. These "Managers' Questions" stem from needs at the levels identified above for information to demonstrate successful attainment of the Mission's second Strategic Objective. They evolve from the key decisions and actions to be taken in regard to the cumulative project-level interventions to achieve the strategic objective. As such, they should guide the selection of indicators.

Mission personnel concerned with the objective of increasing private investment, production and trade in Honduras framed the following five questions:

- What impact has the private sector program had in achieving increased private investment, production and trade?
- What has been the private sector program's impact on income and employment, particularly with regard to lower income families and women?
- What is the impact of the private sector program on United States-Honduras bilateral trade?
- What is the contribution of the private sector program to sustaining increased private investment, production and trade?
- What is the status of the private sector program's implementation?

3. **Performance Indicators, Means of Collecting Data, and Targets To Be Used for Measuring Progress on Strategic Objectives and Program Output Objectives and for Answering Key Managers' Questions**

The specific indicators for the strategic objective and the five program outputs are listed in Table 2.1 at the end of this section. For each indicator, the first component of the table presents the unit of measurement, the data source(s), the method to be used to obtain the data, the frequency with which the indicator will be collected/developed and reported, the office within the Mission with responsibility for gathering and analyzing the indicator and, finally, specific projects critical to the indicator. The second component of each of the following tables designates yearly targets for the attainment of the strategic objective and its five program outputs.

All of the indicators defined for the Private Sector Program's Monitoring and Evaluation (M&E) plan are quantitative and will be reported on annually. The information required to monitor changes in these variables will be assembled from the most reliable sources available to the Mission, including GOH statistics and information from the Mission's various projects' operational monitoring systems and, where appropriate, U.S. Department of Commerce data. As a result, the monitoring component of this proposed performance M&E plan for SO 2 is relatively non-labor intensive and entails few additional costs.

Baseline information for each indicator (primarily using a 1991 base) and specific targets projected for each year during the 1992-97 planning period will be monitored at the Mission level using Table 2.2 (at the end of this section). It should be noted, however, that the plethora of blanks contained in the baseline/targets table signify that a considerable amount of work remains to be done to develop the baseline and targets for many of the indicators.

Strategic Objective Level Performance Indicators

As illustrated in Table 2.1, the Mission will use three indicators to measure performance in achieving **Increased Private Investment, Production and Trade**:

- Increased private investment from US\$757 million at end-1991 to US\$2.9 billion at end-1997;
- Increase in foreign exchange earnings from expanded production and marketing of manufactured exports from US\$237 million at end-1991 to US\$1.3 billion at End-1997; and
- Increase in Value of United States-Honduran Bilateral Trade from US\$1.2

billion at end-1991 to US\$2.1 billion at end-1997.

Table 2.2 designates yearly targets for these three indicators. The targets for private investment, foreign exchange earnings, and bilateral trade are based on historical annual average growth rates of 25.5 percent, 32.6 percent and 9.7 percent, respectively. The methodology employed and assumptions made are described in the following section.

With regard to the first performance indicator, the private investment indicator, both components of private investment developed annually by the Banco Central de Honduras (BCH)² -- private construction and machinery and equipment -- are valid units to monitor. The forecast for incremental private investment during the Mission's 1992-97 planning period is based on this indicator's historical growth rate since private investment in Honduras began recovering from its low point in the mid-1980s. During the 1986-91 period, private investment increased at an annual average rate of 25.5 percent in nominal dollar terms.³

The SO 2 work group decided that the indicator be tracked as a separate value rather than as a proportion of gross domestic product (GDP) since the denominator of such a ratio, i.e., GDP, is subject to numerous exogenous factors well beyond the control and manageable interest of USAID/Honduras. Before finalizing this indicator, it is recommended that the Mission's Economic and Program Analysis Office check on the definitions used by the BCH in the development of this indicator to ensure that they are consistent with the needs of this M&E plan and to ascertain how these investment statistics are obtained and whether any additional steps are necessary or desirable to improve the quality of this data.

The 1992-97 targets for foreign exchange earnings from manufactured exports (the second performance indicator) are also based on the historical growth rate since the country's external sector began recovering from the recession of the early 1980s in 1985. However, the accuracy of published GOH data relating to this indicator is highly suspect. Therefore, the SO 2 work group decided that the foreign exchange value of exports of manufactures to the United States would serve as a credible proxy for the global figure for two reasons: first, the majority of Honduran manufactures are exported to the United States; and second, the source of this information is the highly reliable National Trade Data Bank of the U.S. Department of Commerce's Economics and Statistics Administration. Using such a data source, it can be determined that earnings from the export of manufactured goods during the 1987-91 period increased at an annual average rate of 32.6 percent in nominal dollar terms.⁴

The lack of projections of United States-Honduras bilateral trade (third performance indicator) by the U.S. Commerce Department or other U.S. Government agency also

² These are disaggregated by the Banco Central de Honduras in its annual report entitled *Cuentas Nacionales de Honduras*, under the section designated *Formación Bruta de Capital Fijo: Privada*

³ See Appendix E for a description of the procedure used for developing this projection.

⁴ See Appendix E for a description of the procedure used for developing this projection.

necessitates the use of historical growth rates in order to derive targets for the 1992-97 period. The dollar value of United States-Honduras bilateral trade (exports *plus* imports) grew at an average annual rate of 9.7 percent during the 1985-1991 period. If one assumes that the same annual rate of growth will be maintained during the 1992-97 period then the value of bilateral trade would increase from US\$1.182 billion at end-1991 to US\$2.059 billion at end-1997.⁵ Again the reader is cautioned that use of such a projection methodology is not ideal and is subject to the same caveats regarding attribution already mentioned above. The data source for this indicator is also the National Trade Data Bank, U.S. Department of Commerce, Economics and Statistics Administration, Office of Business Analysis.

The reader is further warned that application of the historical rate of growth of private investment, foreign exchange earnings from manufactured exports and the value of U.S.-Honduras bilateral trade to the 1992-97 period is meant merely as an illustrative "floor" that should be able to be maintained under the assumption of the implementation of a sustained and comprehensive stabilization program which USAID/Honduras can influence with its Private Sector Program. More importantly, if private investment does begin to increase at levels exceeding those of the recent past, one will not be able to state with any degree of certainty the degree to which the Private Sector Program contributed to that growth.

Program Output Level Program Indicators

Program Indicators for PO 2.1

Maintenance of an appropriate macro policy environment and adoption of A **Liberalized Trade Regime** are key to the achievement of the Mission's second strategic objective. To determine whether ongoing policy reforms are actually resulting in a reduction of distortions affecting production and export earnings, the Mission proposes to track, on an annual basis, three indicators to measure progress toward achieving PO 2.1, A Liberalized Trade Regime:

- elimination of remaining trade surcharges;
- decrease in width of the nominal tariff band; and
- maintenance of the current mix of goods subject to excise tax under *Decreto No. 58*.

Each of these measures are straight forward and relatively easy to obtain. In addition, the first and second indicators are measures that are being calculated for the other Central American countries; therefore, they are useful in regional comparisons regarding the

⁵ See Appendix F for a description of the procedure used for developing this projection.

impact of export sector policy reforms.

The rationale for the third performance indicator under PO 2.1 is to ensure that the surcharges tracked under indicator number one do not find their way back into the system under the aegis of an excise tax.

Table 2.1 illustrates that the data sources for all three of this PO's program indicators will be *La Gaceta*, published by the Ministerio de Gobernación and the Ministerio de Economía y Comercio, Dirección General de Inversión and the Dirección General de Gestión Empresarial.

Program Indicators for PO 2.2

The Mission will use three indicators to measure progress in its efforts to encourage **An Accelerated Privatization Process:**

- increased number of privatized state-owned enterprises;
- magnitude of domestic and foreign investment in new plants and equipment attributable to USAID/Honduras-supported privatization efforts; and
- incremental employment attributable to USAID/Honduras-supported privatization efforts, particularly among women.

The rationale for continued efforts by USAID/Honduras in the area of privatization boils down to two points: the privatization process works and the GOH presumably wants to significantly expand the process to include many entities that were not considered until now. Results obtained under the Mission's ongoing privatization efforts demonstrate that the privatization process generates significant economic benefits, notable newly jobs created or maintained, reduced domestic and foreign debt, increased foreign exchange inflows, and increased investment. Privatization has proven to be a means to long-term economic development in Honduras. The crucial assumption to continued success of the Mission's privatization efforts, however, is the continued support on the part of the GOH to move away from the management of productive enterprises. Continued success of the project in privatizing larger and more strategically important enterprises will depend on the political climate for the privatization of public services.

The rationale for measurement of the impact on women of this PO, and POs 2.4 and 2.5, is quite simple. The skills and experience possessed by Honduras' female population are an integral part of the country's human resource base. It is this resource that is a key aspect of the economic effectiveness of the nontraditional component of the country's export-led growth strategy and one reason to seek to optimize women's participation in and contribution to the achievement of that strategy.

Table 2.2 shows that the data sources for all three of this PO's program indicators will be collected through the existing monitoring and evaluation system of the Mission's Privatization of State-Owned Enterprises project.

Program Indicators for PO 2.3

USAID/Honduras will use three indicators to measure progress in its efforts to create **An Attractive Investment Climate**:

- removal of impediments to increased investment flows;
- private institutions which seek to enhance the investment climate able to sustain operations beyond the PACD; and
- inflows of domestic and foreign private investment attributable to USAID/Honduras-supported investment promotion activities.

These indicators were all modified to one degree or another to more comprehensively measure change in the country's level of investment. These revised indicators are relatively straightforward. The third proposed indicator intends to measure inflows of private investment attributable to Mission-financed investment promotion activities. The best measure of an improved investment climate brought about by Mission-supported economic and regulatory reforms is whether the total value of investment in the country has increased. Information that can attribute specific investment in the Honduran economy to USAID/Honduras support is available from the Foundation for Investment and the Development of Exports (FIDE) on a regular basis. The Private Sector Program will collect this information and report on it annually in nominal U.S. dollar terms.

Table 2.1 illustrates that, unlike the data sources for PO 2.2, the data sources for all three of this PO's program indicators will be collected from a myriad of Honduran public and private sector institutions. These include the country's congress, the Ministerio de Economía y Comercio, FIDE, COHEP and the Chamber of Commerce and Industries of Cortés. The first program indicator, Removal of Impediments to Increased Investment Flows, will be monitored on a monthly basis through a series of ad hoc meetings. The remaining performance indicators will be tracked annually by using existing program level monitoring and evaluation systems.

Program Indicators for PO 2.4

Progress on the fourth PO, **Improved Financial Intermediation**, will be tracked with four program indicators:

- improved competition and financial services among formal and viable informal

sector financial institutions;

- reduction in the spread between lending rates and savings deposit rates in the banking system;
- increase in the savings deposit and time deposit base among formal financial institutions; and
- increased access to credit by small-scale enterprises, particularly women-owned, leading to expanded employment opportunities.

All of these indicators were modified to one degree or another to more comprehensively measure change in the financial sector. Table 2.1 shows that the requisite data pertaining to the three program indicators will be drawn from the GOH's Superintendencia de Bancos and from the ongoing monitoring and evaluation systems of the Mission's Policy Analysis and Implementation and Small Business II projects.

Program Indicators for PO 2.5

Progress toward achieving the final program output of the Private Sector Program, **Increased Competitiveness of the Export Sector**, will be measured through the use of four indicators:

- increased value added in the export sector attributable to USAID/Honduras support;
- viable private institutions which provide support services to export-oriented enterprises
- new export lines which are attributable to USAID/Honduras support; and
- an increase in employment in the export sector attributable to USAID/Honduras support, particularly among women.

This program output contains all of the elements of the technical assistance that the Mission seeks to provide to export-oriented firms.

The purpose of the first indicator, Increased Value Added in the Export Sector Attributable to USAID/Honduras Support, is to begin providing comprehensive data on the impact of various Mission-supported business assistance interventions being undertaken by the Private Sector Program at the individual firm and multi-firm level. Domestic value added -- i.e., the difference between the value of goods and the cost of domestically produced (as opposed to imported) materials or supplies that are used in producing them -- is

the best money gauge of the relative economic importance of an industry (or sector) because it measures that industry's contribution to the economy rather than its gross sales.

Measurement of changes in domestic value added over time also offers insight into the efficiency with which a firm or group of firms converts domestic raw materials, domestic intermediate goods, electric energy, labor and other inputs into final products. Therefore, it would serve as an indicator of Honduras' increasing (or decreasing) comparative advantage in the production of specific nontraditional exports. For example, increasing domestic value added in Honduras' apparel industry over time would be an indication of the transformation of the industry from one which relies on imported cuttings for assembly to a more vertically integrated industry relying more and more on in-house cutting of domestically or foreign sourced material. An increasing comparative advantage would be indicative of Honduras' ability to produce specific nontraditional products relatively more cheaply than other products, thus increasing its competitiveness vis-à-vis other countries in the production of that same nontraditional product or products.

As shown in Table 2.1, the data needed for the value-added indicator will be obtained from FIDE, which will begin collecting data on an annual basis as part of its planned project monitoring and evaluation activities. Financial data for the second program indicator -- the magnitude of FIDE's self-sufficiency fund and the proportion of COHEP's and CCIC's recurrent costs covered by service viable private institutions which provide support services to export-oriented businesses -- will be obtained directly from these three institutions. Information regarding a change in the mix of Honduras' exports of goods and services will be obtained from both the Ministerio de Economía y Comercio and FIDE. Finally, data relating to additional employment in the export sector attributable to USAID/Honduras support will be provided annually by FIDE.

A definitive monitoring and evaluation budget will be developed by the Mission's Program Office once project managers provide additional information regarding both the cost of requisite monitoring for the aforementioned indicators and the cost of planned evaluations.

More than any others, development programs with non-project assistance components, such as USAID/Honduras' Private Sector Program, present evaluators, whether internal or external, with the problem of attribution. As mentioned above, one cannot attribute with any reasonable degree of certainty future outcomes of individual trade and investment policy reforms, legal and regulatory reform and other interventions envisaged by the Private Sector Program without having understood and predicted them; and one cannot predict these outcomes without some kind of broad conceptual model of Honduras' macroeconomy and where it is going, with and without the package of reforms and interventions that are being advocated. As such, it is highly recommended that analyses be conducted to assess the potential impact of the Private Sector Program. Such analyses should include the estimation of changes in export and import elasticities, which are the consequence of various reform measures and other interventions in the sector. The resulting elasticities could then be employed to measure the potential impact of a range of policy and legal and regulatory reforms that would lead to the realization of the Mission's strategic objective of increased

trade, production and private investment.⁶

In the absence of such analyses, one should, at the very least, attempt to employ a less rigorous methodology along the following lines: first, assert a future timepath for the economy and choose certain indicators of trade and investment absent the reforms and other interventions; second, predict the relative magnitude of the impacts of the prescribed reforms; and finally, make attribution on the basis of the *a priori* predictions and estimated magnitudes.

In response to growing interest regarding impact of the Agency's programs, we recommend that the Mission plan to undertake one significant special study to attempt to establish causal linkages between the Mission's economic policy reform activities and changes in the absolute and relative status of the poor. This important study, which would be undertaken at the strategic objective level, would help both the Mission and A.I.D./Washington begin to develop some answers to the questions of whether and how people have benefitted from A.I.D. interventions in Honduras, particularly from the major economic policy reforms. (This was identified as the second key managers' question relative to Congress, A.I.D./W and Mission program management.)

A special study is justified in light of the crucial need for further refinements in the analytical methods of the existing GOH multi-purpose household survey. The survey was designed to identify trends in food consumption, education, health and nutrition and household income, but not a rigorous treatment of income for its own sake. Several improvements are crucial for improving data drawn from the multi-purpose survey, particularly with regard to household income, that would underpin the type of analyses required to answer the question related to impact of the Mission's non-project assistance on disadvantaged groups of Hondurans. Nevertheless, it is clear that a household income and/or expenditure approach holds considerable promise for helping the Mission better understand the relationships between its programs and people level impacts.

Expenditure surveys have been successfully undertaken by the World Bank and others⁷ to assess the impact of structural adjustment on the poor. USAID/Honduras should be committed to seeking a cost-effective means to arrive at such a measure. Whichever method is ultimately chosen to make inferences regarding the impact of macro and sector policy reforms on the country's disadvantaged groups, two guidelines should be kept in mind:

⁶ The work group was told that there currently exists at least one econometric model that could carry out the types of simulations suggested. It is believed that the macroeconomic planning model is housed in SECPLAN.

⁷ See, for example: Kanbur, S.M.R., "Measurement and Alleviation of Poverty: With an Application of the Impact of Macroeconomic Adjustment", International Monetary Fund Staff Papers, September, 1987 and Kanbur, S.M.R., "Poverty and Social Dimensions of Adjustment in Côte d'Ivoire", Mimeographed, SDA Unit, Africa Region, The World Bank, November, 1988.

- It is better to look at long-term trends than year-to-year changes, since the latter are especially susceptible to being influenced by exogenous forces unrelated to policy reform. Although this conclusion appears to conflict with A.I.D./Washington's desire to track key indicators on an annual basis, it is nevertheless important that the Mission not be fooled by short-term changes in such indicators, and that it is careful to explain which factors other than macro and sector policy reforms — including the lingering effects of prior, inappropriate policies — might be responsible for yearly variations.
- The Mission should examine a wide range of indicators, both economic and socially oriented, especially if the accuracy of some of the data is suspect. If it is found that most or all indicators lead to similar inferences, one can have some degree of confidence in the story they are telling — the more so the greater the number of variables that are examined.

The estimated cost for such a survey is approximately \$185,000.

Table 2.1: MONITORING AND EVALUATION PLAN/USAID HONDURAS

STRATEGIC OBJECTIVE 2:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
Increased Private Investment, Production and Trade	1) Increased Private Investment from US\$757 Million at End-1991 to US\$2.9 Billion at End-1997	1) Total annual investment in U.S. dollars	1) Cuentas Nacionales, Banco Central de Honduras, Departamento de Estudios Económicos	1) Mission will develop targets based on the historical annual average growth rate of investment for the 1983-91 period which will serve as a floor against which to monitor the impact of the Mission's program for investment growth	1) Annually	1) Economic and Program Analysis Office
	2) Increase in Foreign Exchange Earnings from Expanded Production and Marketing of Manufactured Exports from US\$237 Million at End-1991 to US\$1.3 Billion at End-1997	2) Total annual earnings in U.S. dollars	2) National Trade Data Bank, U.S. Department of Commerce, Economics and Statistics Administration, Office of Business Analysis	2) Mission will develop targets based on the historical annual average growth rate of manufactured exports to the U.S. for the 1983-91 period which will serve as a floor against which to monitor the impact of the Mission's program for export growth. Unreliability of GOH data necessitates use of U.S.-generated data as a proxy	2) Annually	2) Economic and Program Analysis Office
	3) Increase in the Value of United States-Honduras Bilateral Trade from US\$1.2 Billion at End-1991 to US\$2.1 Billion at End-1997	3) Total annual U.S. dollar value of the volume of bilateral exports <u>plus</u> imports	3) National Trade Data Bank, U.S. Department of Commerce, Economics and Statistics Administration, Office of Business Analysis	3) Mission will develop targets based on the historical annual average growth rate of bilateral trade for the 1983-91 period which will serve as a floor against which to monitor the impact of the Mission's program for the growth of bilateral trade	3) Annually	2) Economic and Program Analysis Office

Table 2.1 (continued):

PROGRAM OUTPUT 2.1:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
A Liberalized Trade Regime <u>Scheduled Evaluations:</u> Year: Estimated Cost:	1) Elimination of remaining trade surcharges	1) Repeal of applicable <i>Decretos</i>	1a) <u>La Gaceta</u> del Ministerio de Gobernación 1b) Ministerio de Economía y Comercio- Dirección de General de Inversión y Dirección General de Gestión Empresarial	1) Mission will obtain certification that the appropriate <i>Decretos</i> have been repealed from the Policy Analysis and Implementation Project (522-0325) which is monitoring policy changes within the GOH	1) Quarterly	1) Economic and Program Analysis Office
	2) Decrease in the width of the nominal tariff band net of surcharges	2) Weighted average of tariffs imposed on imports in percentage terms	2a) <u>La Gaceta</u> del Ministerio de Gobernación 2b) Ministerio de Economía y Comercio- Dirección de General de Inversión y Dirección General de Gestión Empresarial	2) Mission will obtain requisite information regarding the tariff band from the Ministerio de Economía y Comercio and the Ministerio de Gobernación	2) Quarterly	2) Economic and Program Analysis Office
	3) Maintenance of the current mix of goods subject to excise tax under <i>Decreto No. 58</i>	3) Number of newly included or excluded goods subject to excise tax	3) <u>La Gaceta</u> del Ministerio de Gobernación	3) Mission will obtain listing of taxable items from the Ministerio de Economía y Comercio	3) Quarterly	3) Economic and Program Analysis Office

Table 2.1 (continued):

PROGRAM OUTPUT 2.2:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
An Accelerated Privatization Process <u>Scheduled Evaluation:</u> Year: 1995 (522-0289) Estimated Cost: \$30,000	1) Increased number of privatized state-owned enterprises	1) Number of divestitures	1) Privatization of State-Owned Enterprises Project (522-0289)	1) Mission will obtain divestiture information from the monitoring and evaluation system of the Privatization of State-Owned Enterprises project (522-0289) which will be collecting them as part of its planned project monitoring and evaluation activities	1) Annually	1) Office of Private Sector Programs
	2) Magnitude of domestic and foreign investment in new plants and equipment attributable to USAID/Honduras-supported privatization efforts	2) Millions of U.S. Dollars	2) Privatization of State-Owned Enterprises Project (522-0289)	2) Mission will obtain investment data from the monitoring and evaluation system of the Privatization of State-Owned Enterprises project (522-0289) which will be collecting them as part of its planned project monitoring and evaluation activities	2) Annually	2) Office of Private Sector Programs
	3) Incremental employment attributable to USAID/Honduras-supported privatization efforts, particularly among women	3) Additional employment disaggregated by gender	3) Privatization of State-Owned Enterprises Project (522-0289)	3) Mission will obtain employment data from the monitoring and evaluation system of the Privatization of State-Owned Enterprises project (522-0289) which will be collecting them as part its planned project monitoring and evaluation activities	3) Annually	3) Office of Private Sector Programs

Table 2.1 (continued):

PROGRAM OUTPUT 2.3:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
An Attractive Investment Climate <u>Scheduled Evaluation:</u> Year: 1993 (522-0207) Estimated Cost: \$100,000 Year: (522-0312) Estimated Cost: Year: (522-0363) Estimated Cost: Year: (522-0325) Estimated Cost:	1) Removal of impediments to increased investment flows	1a) Passage of new investment law 1b) Implementing regulations for new investment law issued 1c) Derogation of existing laws and regulations in conflict with investment law 1d) Enactment of comprehensive intellectual property rights legislation	1a) Congreso Nacional de Honduras 1b) Ministerio de Economía y Comercio- Dirección General de Gestión Empresarial, Dirección General de Inversión	1) Mission will obtain requisite information from the Ministerio de Economía y Comercio through a series of <i>ad hoc</i> meetings	1) Monthly	1) Office of Private Sector Programs and Economic and Program Analysis Office
	2) Private Institutions which seek to enhance the investment climate able to sustain operations beyond PACD	2a) FIDE-magnitude of self-sufficiency fund 2b) COHEP/CCIC proportion of recurrent costs covered by service fee income	2a) Foundation for Investment and Development of Exports (FIDE) 2b) Honduran Council for Private Enterprise (COHEP) 2c) the Chamber of Commerce and Industries of Cortés	2) USAID/Honduras will obtain financial data from these three institutions which are implementing the Mission's Export Development and Services project (522-0207), the Investment and Export Development project (522-0312), the Chamber of Commerce and Industries of Cortés project (522-0363) and the private sector component of the Policy Analysis and Implementation project (522-0325)	2) Annually	2) Office of Private Sector Programs
	3) Inflows of domestic and foreign private investment attributable to USAID/Honduras-supported investment promotion activities	3) Millions of U.S. Dollars	3) Foundation for Investment and Development of Exports (FIDE)	3) Mission will obtain investment data from the monitoring and evaluation system of the Export Development and Services project (522-0207) which will collect them as part its planned project monitoring and evaluation activities	3) Annually	3) Office of Private Sector Programs

Table 2.1 (continued):

PROGRAM OUTPUT 2.4:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
Improved Financial Intermediation <u>Scheduled Evaluations:</u> Year: 1994 (522-0325) Estimated Cost: \$100,000 Year: 1995 (522-0241) Estimated Cost: \$80,000 Year: 1997 (522-0325) Estimated Cost: \$50,000	1) Improved competition and financial services among formal and viable informal sector financial institutions	1a) Increase in the number of formal and informal sector financial institutions 1b) Increase in the mix of financial services available in Honduras	1a) Superintendencia de Bancos 1b) private sector component of the Policy Analysis and Implementation project (522-0325) 1c) Small Business Development II project (522-0241)	1) Mission will obtain requisite data regarding additional financial institutions and expanded services from the monitoring and evaluation systems of the private sector component of the Policy Analysis and Implementation project (522-0325) and the Small Business II project (522-0241) which will be collecting them as part of its planned project monitoring and evaluation activities	1) Annually	1) Office of Private Sector Programs
	2) Increase in the savings deposit and time deposit base among formal financial institutions	2) Increasing savings and time deposits as a proportion of total deposits	2) Superintendencia de Bancos	2) Mission will obtain data relating to deposit growth from the monitoring and evaluation system of the private sector component of the Policy Analysis and Implementation project (522-0325) which will be collecting them as part of its planned project monitoring and evaluation activities	2) Annually	2) Office of Private Sector Programs
	3) Increased access to credit by small-scale enterprises, particularly women-owned, leading to expanded employment opportunities	3a) Millions of U.S. Dollars 3b) Increasing number of loans disaggregated by gender 3c) Additional employment	3) Small Business II project (522-0241)	3) Mission will obtain data relating to loans and employment from the monitoring and evaluation system of the Small Business II project (522-0241) which will be collecting them as part its planned project monitoring and evaluation activities	3) Annually	3) Office of Private Sector Programs

Table 2.1 (continued):

PROGRAM OUTPUT 2.5:	INDICATOR	UNIT OF MEASUREMENT	DATA SOURCES	METHOD/ APPROACH	HOW OFTEN	RESPONSIBLE OFFICE
<p>Increased Competitiveness of the Export Sector</p> <p><u>Scheduled Evaluations:</u></p> <p>Year: (522-0207) Estimated Cost:</p> <p>Year: (522-0363) Estimated Cost:</p> <p>Year: (522-0312) Estimated Cost:</p>	1) Increased value added in the export sector attributable to USAID/Honduras support	<u>1) Increasing value added among firms targeted for assistance</u>	1) Foundation for Investment and Development of Exports (FIDE)	1) Mission will obtain value added data from the monitoring and evaluation system of the Export Development and Services project (522-0207) which will begin collecting them as part of its planned project monitoring and evaluation activities	1) Annually	1) Office of Private Sector Programs
	2) Viable private institutions which provide support services to export-oriented enterprises	2a) FIDE-magnitude of self-sufficiency fund 2b) COHEP/CCIC-proportion of recurrent costs covered by service fee income	2a) Foundation for Investment and Development of Exports (FIDE) 2b) Honduran Council for Private Enterprise (COHEP) 2c) the Chamber of Commerce and Industries of Cortés	2) USAID/Honduras will obtain financial data from these three institutions which are implementing the Mission's Export Development and Services project (522-0207), the Investment and Export Development project (522-0312) and the Chamber of Commerce and Industries of Cortés project (522-0363)	2) Annually	2) Office of Private Sector Programs
	3) New export lines which are attributable to USAID/Honduras support	3) Change in the mix of goods and services currently exported from Honduras as determined by export classifications	3a) Ministerio de Economía y Comercio, Dirección General de Comercio al Exterior 3b) Foundation for the Development of Exports (FIDE)	3) Mission will obtain the current listing of export classifications from the monitoring and evaluation system of the Export Development and Services project (522-0207) which will begin collecting them as part of its planned project monitoring and evaluation activities	3) Annually	3) Office of Private Sector Programs
	4) An increase in employment in the export sector attributable to USAID/Honduras support, particularly among women	4) Additional employment disaggregated by gender	4) Foundation for the Development of Exports (FIDE)	4) Mission will obtain employment data from the monitoring and evaluation system of the Export Development and Services project (522-0207) which will begin collecting them as part its planned project monitoring and evaluation activities	4) Annually	4) Office of Private Sector Programs

Table 2.2: SO 2 BASELINE AND TARGETS

STRATEGIC OBJECTIVE 2:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION (Millions of U.S. Dollars)		TARGETS (Millions of U.S. Dollars)					
					1992		1993		1994	
			YEAR	AMOUNT	Planned	Actual	Planned	Actual	Planned	Actual
Increased private investment, production and trade	1) Increased private investment from US\$757 million at end-1991 to US\$2.9 billion at end-1997	1) Total annual investment in U.S. dollars	1991	757.2	950.3		1,192.6		1,496.7	
	2) Increase in foreign exchange earnings from expanded production and marketing of manufactured exports from US\$237 million at end-1991 to US\$1.3 billion at end-1997	2) Total annual earnings in U.S. dollars	1991	236.6	313.6		415.7		551.0	
	3) Increase in the value of United States-Honduras bilateral trade for US\$1.2 billion at end-1991 to US\$2.1 at end-1997	3) Total annual U.S. dollar value of bilateral exports plus imports	1991	1,182	1,295.5		1,411.2		1,559.9	
STRATEGIC OBJECTIVE 2:	INDICATOR	UNIT OF MEASUREMENT	TARGETS (Millions of U.S. Dollars)							
			1995		1996		1997			
			Planned	Actual	Planned	Actual	Planned	Actual		
Increased private investment, production and trade	1) Increased private investment from US\$757 million at end-1991 to US\$2.9 billion at end-1997	1) Total annual investment in U.S. dollars	1,878.4		2,357.4		2,958.5			
	2) Increase in foreign exchange earnings from expanded production and marketing of manufactured exports from US\$237 million at end-1991 to US\$1.3 billion at end-1997	2) Total annual earnings in U.S. dollars	730.4		968.1		1,283.2			
	3) Increase in the value of United States-Honduras bilateral trade for US\$1.2 billion at end-1991 to US\$2.1 at end-1997	3) Total annual U.S. dollar value of bilateral exports plus imports	1,711.1		1,876.9		2,056.8			

Table 2.2 (continued):

PROGRAM OUTPUT 2.1:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			YEAR	AMOUNT	Planned	Actual	Planned	Actual	Planned	Actual
A liberalized trade regime	1) Elimination of remaining trade surcharges	1) Repeal of applicable <i>Decretos</i>	1991							
	2) Decrease in the width of the nominal tariff band	2) Weighted average of tariffs imposed on imports in percentage terms	1991							
	3) Maintain current mix of goods subject to excise tax under <i>Decreto</i> <i>No. 58</i>	3) Number of newly included or excluded goods subject to excise tax	1991							
PROGRAM OUTPUT 2.1:	INDICATOR	UNIT OF MEASUREMENT								
			1995		1996		1997			
			Planned	Actual	Planned	Actual	Planned	Actual		
A liberalized trade regime	1) Elimination of remaining trade surcharges	1) Repeal of applicable <i>Decretos</i>								
	2) Decrease in the width of the nominal tariff band	2) Weighted average of tariffs imposed on imports in percentage terms								
	3) Maintain current mix of goods subject to excise tax under <i>Decreto</i> <i>No. 58</i>	3) Number of newly included or excluded goods subject to excise tax								

Table 2.2 (continued):

PROGRAM OUTPUT 2.2:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			Year	Amount	Planned	Actual	Planned	Actual	Planned	Actual
An accelerated privatization process	1) Increased number of privatized state-owned enterprises	1) Number of divestitures	1991							
	2) Magnitude of domestic and foreign investment in new plants and equipment attributable to USAID/Honduras-supported privatization efforts	2) Millions of U.S. dollars	1991							
	3) Incremental income and employment attributable to USAID/Honduras-supported privatization efforts	3) Additional employment disaggregated by gender	1991							
PROGRAM OUTPUT 2.2:	INDICATOR	UNIT OF MEASUREMENT	TARGETS							
			1995		1996		1997			
			Planned	Actual	Planned	Actual	Planned	Actual		
An accelerated privatization process	1) Increased number of privatized state-owned enterprises	1) Number of divestitures								
	2) Magnitude of domestic and foreign investment in new plants and equipment attributable to USAID/Honduras-supported privatization efforts	2) Millions of U.S. dollars								
	3) Incremental income and employment attributable to USAID/Honduras-supported privatization efforts	3) Additional employment disaggregated by gender								

Table 2.2 (continued):

PROGRAM OUTPUT 2.3:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			Year	Amt.	Planned	Actual	Planned	Actual	Planned	Actual
An attractive investment climate	1) Removal of impediments to increased investment flows	1a) Passage of new investment law 1b) Implement-ing regulations for new investment law issued 1c) Derogation of existing laws and regulations in conflict with investment law 1d) Enactment of comprehensive intellectual property rights legislation	1991							
	2) Viable private institutions which seek to enhance the investment climate	2a) FIDE- magnitude of self-sufficiency fund 2b) COHEP/CCIC proportion of recurrent costs covered by service fee revenue	1991							
	3) Inflows of domestic and foreign private investment attributable to USAID/Honduras supported investment promotion activities	3) Millions of U.S. dollars	1991							

(Targets for PO 2.3 continued on next page.)

Table 2.2 (continued):

PROGRAM OUTPUT 2.3:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1995		1996		1997	
			Year	Amt.	Planned	Actual	Planned	Actual	Planned	Actual
An attractive investment climate	1) Removal of impediments to increased investment flows	1a) Passage of new investment law 1b) Implementing regulations for new investment law issued 1c) Derogation of existing laws and regulations in conflict with investment law 1d) Enactment of comprehensive intellectual property rights legislation	1991							
	2) Viable private institutions which seek to enhance the investment climate	2a) FIDE- magnitude of self-sufficiency fund 2b) COHEP/CCIC proportion of recurrent costs covered by service fee revenue	1991							
	3) Inflows of domestic and foreign private investment attributable to USAID/Honduras supported investment promotion activities	3) Millions of U.S. dollars	1991							

PROGRAM OUTPUT 2.4:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			Year	Amount	Planned	Actual	Planned	Actual	Planned	Actual
Improved financial intermediation	1) Improved competition and financial services among formal and informal financial institutions	1) Increase in the number of formal and informal sector financial institutions	1991							
	2) Increased savings deposit and time deposit base among formal financial institutions	2) Increased time and savings deposits as a percentage of total deposits	1991							
	3) Increased access to credit by small-scale enterprises, particularly women-owned, leading to expanded employment opportunities	3a) Millions of Lempiras 3b) Increased number of loans, disaggregated by gender 3c) Additional employment, disaggregated by gender	1991							

(Targets for PO 2.4 continued on next page.)

PROGRAM OUTPUT 2.4:	INDICATOR	UNIT OF MEASUREMENT	TARGETS					
			1995		1996		1997	
			Planned	Actual	Planned	Actual	Planned	Actual
Improved financial intermediation	1) Improved competition and financial services among formal and informal financial institutions	1) Increase in the number of formal and informal sector financial institutions						
	2) Increased savings deposit and time deposit base among formal financial institutions	2) Increased time and savings deposits as a percentage of total deposits						
	3) Increased access to credit by small-scale enterprises, particularly women-owned, leading to expanded employment opportunities	3a) Millions of Lempiras 3b) Increased number of loans, disaggregated by gender 3c) Additional employment, disaggregated by gender						

PROGRAM OUTPUT 2.5:	INDICATOR	UNIT OF MEASUREMENT	BASELINE INFORMATION		TARGETS					
					1992		1993		1994	
			Year	Amount	Planned	Actual	Planned	Actual	Planned	Actual
Increased competitiveness of the export sector	1) Increased value added in the export sector attributable to USAID/Honduras support	1) Increasing value added among firms targeted for assistance	1991							
	2) Viable private institutions which provide support services to export-oriented enterprises	2a) FIDE-magnitude of self-sufficiency fund 2b) COHEP/CCIC proportion of recurrent costs covered by service fee income	1991							
	3) New export lines which are attributable to USAID/Honduras support	3) Change in the mix of goods and services currently exported from Honduras as determined by export classifications	1991							
	4) An increase in employment in the export sector attributable to USAID/Honduras support, particularly among women	4) Additional employment disaggregated by gender	1991							

(Targets for PO 2.5 continued on next page.)

PROGRAM OUTPUT 2.5:	INDICATOR	UNIT OF MEASUREMENT	TARGETS					
			1995		1996		1997	
			Planned	Actual	Planned	Actual	Planned	Actual
Increased competitiveness of the export sector	1) Increased value added in the export sector attributable to USAID/Honduras support	1) Increasing value added among firms targeted for assistance						
	2) Viable private institutions which provide support services to export-oriented enterprises	2a) FIDE-magnitude of self-sufficiency fund 2b) COHEP/CCIC proportion of recurrent costs covered by service fee income						
	3) New export lines which are attributable to USAID/Honduras support	3) Change in the mix of goods and services currently exported from Honduras as determined by export classifications						
	4) An increase in employment in the export sector attributable to USAID/Honduras support, particularly among women	4) Additional employment disaggregated by gender						

D. Strategic Objective No. 3: Improved Management--Toward Long-term Sustainability-- of Selected Natural Resources

1. The Strategy and Intended Impacts to be Monitored/Evaluated

The objective tree on the next page presents the natural resource management strategic program, as revised as a result of the TDY effort. The chart includes the SO, the POs, and the indicators for each objective. A description of the strategic thinking underlying the program was presented in the report of the first PPAS TDY, "A Program Performance Assessment System, USAID/Honduras, Stage 1: Mission Goals, Strategic Objectives, Program Outputs, and Indicators," dated January 31, 1992. While the basic strategy has not changed since that report was written, there have been changes in the way the strategy is represented and the indicators that will be used to assess results.

Some changes were made during the preparation of the FY 1993-94 POD/Action Plan (March 16, 1992), and additional changes were made during this TDY. Here, we will focus on only those changes made during the TDY.

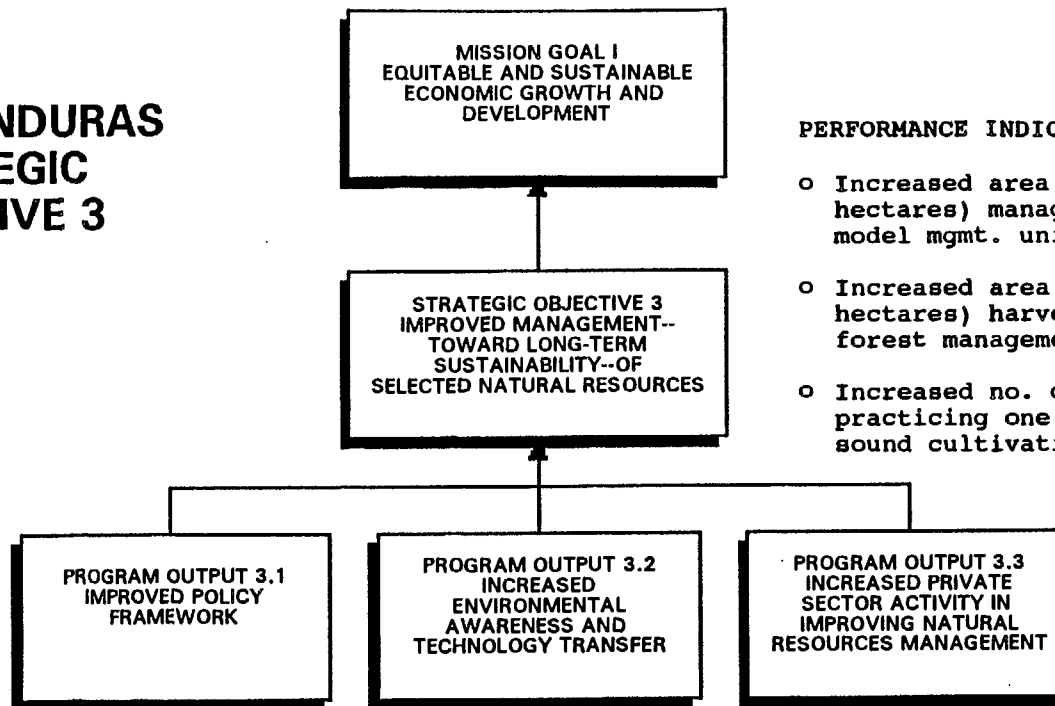
- o The wording of the SO has been revised slightly from "More efficient management and sustainable use of selected natural resources" to "Improved management--aimed at long-term sustainability--of selected natural resources."

This change was prompted by LAC Bureau concern over the implication of two objectives in the original SO: "more efficient management" and "sustainable use." The second part is particularly troublesome to some people, in that it can be read to imply that, within the five-to-seven-year SO time span, the mission is trying to achieve sustainability, which is really a long-term proposition. In fact, the mission is trying to improve management, so that sustainability over the long term is more likely, but not to establish sustainability in the short-term. The new language eliminates this ambiguity.

The new language also eliminates the ambiguity that lies in the term "efficient" management. The early discussions in the TDY suggested that the mission is looking for better management, which may include more efficiency but is not restricted to just that. Furthermore, it was not clear whether the mission was aiming for more efficient management or more efficient use. Therefore, the term "improved management" is more apt here.

- o The three performance indicators at the SO level are basically as they were, but a fourth indicator that was listed in the POD/AP has now been dropped to the PO level, under PO 3.2. This

USAID/HONDURAS STRATEGIC OBJECTIVE 3



PERFORMANCE INDICATORS

- o Increased area of forests (in cumulative hectares) managed for sustainability in model mgmt. units (La Union & Salama)
- o Increased area of pine forest (in cumulative hectares) harvested according to acceptable forest management practices nationwide
- o Increased no. of households (cumulative) practicing one or more environmentally sound cultivation practices

PROGRAM INDICATORS

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> o Implementing regulations for improved forest mgmt. legislation issued o Improved environmental legislation passed o Implementing regulations for improved environmental law issued | <ul style="list-style-type: none"> o Increased no. of households (cum.) receiving technical assistance on environmentally sound cultivation & animal husbandry practices o Increased pctge. of total wood processed that is processed by hand sawmills o Increased amt. of training (cum. person-mos.) received by personnel responsible for effective forest mgmt. o Increased positive attitudes, among children & adults, toward environmentally sound practices with respect to pine & hardwood forests o Increased no. (cum.) of studies to evaluate ecosystems for potential environmental activities | <ul style="list-style-type: none"> o Number of NGOs (cumulative) working on natural resource management activities |
|--|--|---|

indicator, "Increased number of studies to evaluate ecosystems for potential environmental activities," is more appropriately a lower level indicator of progress, and it relates in a way to increased governmental and private sector environmental awareness (PO 3.2).

- o A PO was deleted from the program description. This is the original PO that called for "Reoriented GOH institutions responsible for natural resources." The sole focus of this PO was the divesting of COHDEFOR, which is essentially complete. Therefore, there is nothing new to be accomplished here.
- o In PO 3.1, two indicators dealing with agricultural water use legislation have been dropped. The results that would be measured by these indicators are being sought under SO 1, the agricultural development SO, not SO 3.
- o Under PO 3.2, the second indicator in the objective tree presented here is a new indicator. It replaces an earlier indicator that would have measured amount of training received by sawmillers. This new indicator aims more at measuring the results of that training, namely, the changes in how the wood is being sawed.
- o The fourth indicator under PO 3.2 replaces two indicators that were going to measure the amounts of materials and activities to promote increased awareness and more positive attitudes. This new indicator, which will require some special research design and data collection effort, aims at measuring the impact of those materials, namely, changes in attitudes among children and adults.

The last two indicators described above reflect a real effort on the part of the Rural Development staff to reach for and measure impact rather than settle for measuring project outputs, such as training and dissemination of materials. This change has important management implications, in that it will provide information on the effectiveness of the mission's strategy and tactics (e.g., information on whether their attitude-change approach is working) and lead to more attention to focusing and improving those strategies.

2. Major Users of M&E Information and the Information They Need

The chart on the next page presents six major "managers' questions" that the SO workgroup believes should be answered if the M&E plan is to be responsive at both policy making and management levels. Briefly, Congress and AID/W are expected to be particularly

Key Manager/ Policy Maker	Question	How to Answer the Question
Congress & AID/Washington	1. Has Honduras put in place the appropriate policies for natural resource mgmt. (forests, water, land tenure)?	The issuance of regulations for the new Agricultural Modernization Law and the passage of improved environmental legislation and regulations are being tracked with indicators for SO3/PO1.
Congress & AID/Washington	2. Has environmental degradation --particularly in the area of deforestation--been slowed down?	Changes in the actual condition of the natural resources are not being tracked (because measurement would be difficult and costly), but changes in mgmt. of natural resources are being tracked with the three Performance Indicators at SO level.
Congress & AID/Washington	3. Has there been an increase in poor farmers' productivity and income?	Our SO is a natural resources SO, not an income/productivity SO. Nevertheless, we may explore some possibilities for measuring changes in income or proxies for changes in income (e.g., nutrition status, market basket expenditures, etc.), perhaps through a small-scale case study or survey approach.
Program & Project Management	4. What is happening to the watershed in the areas targeted by our program?	See response to Question 2.

Program & Project Management	5. Are improved natural resource management practices being adopted, in the areas of fire control, timber sales, allowable cut, and environmentally sound design and implementation of infrastructure improvements?	This question is being answered with the data being collected on the first two Performance Indicators at the SO level.
Program & Project Management	6. Are hillside farmers adopting improved practices for soil and water conservation? If not, why not? If so, is it because of our strategy?	This question is being answered with the data being collected on the third Performance Indicator at the SO level.

interested in the program's impact on Honduran policy, the actual condition of Honduras's natural resources, and on Honduras's poor. While program and project managers are also interested in the condition of Honduras's natural resources, particularly the watersheds targeted by the program, they are also interested in the intermediate impacts on natural resource management and farming practices. This is not to suggest that there are not other questions of interest to Congress, AID/W, and program/project management. Undoubtedly there are, but these have been singled out as especially important.

The M&E plan, as currently outlined indicates that there will be monitoring information to answer Questions 1, 5, and 6 listed in the chart. Questions 2, 3, and 4 will be more difficult to address, however. Questions 2 and 4 deal with the actual condition of Honduran natural resources as a result of the improved management at the SO level and the new policies, technology transfer and NGO activity achieved at the PO level. Staff in the Office of Rural Development believe that it is currently too difficult and costly to measure changes in the status of natural resources--such as forests, agricultural land, and so on--and that the best that can be done is to track whether improved management of those resources is occurring. If this is an accurate observation, then the mission must rely on the assumption that good management means less degradation of natural resources, and that the most efficacious elements of good management are being promoted and tracked by the program.

If the condition of Honduras's natural resources is of high interest to those who have great influence over the mission's program's direction and resource levels, then it may be well worth the costs and difficulty of measuring impact at this level. We understand that there is work being done in Honduras to develop the geographical information survey (GIS) as a means of assessing changes in key natural resources, such as the forest cover. If it is possible to relate changes as measured through the GIS to the mission's program, we

strongly recommend that the M&E plan include the collection and analysis of data at this level.

Question 3 is another difficult area for measurement. Even though the natural resources program is just that--a program to improve the management and, ultimately, condition of Honduras's natural resources, including forests and farmland--one of the ultimate "so what?" questions can be stated in terms of the impact of these improvements on the lot of Honduras's poor, including poor farmers. Much of what the program is trying to do with forests is expected to have an impact on the entire population of Honduras, poor and non-poor alike. The Rural Development staff believe that these impacts should be included when describing the impact of the program on the poor. And if hillside subsistence farmers are being encouraged to adopt new, environmentally sound, agricultural practices--with the promise of increased productivity and income--then it is legitimate to ask if their productivity and income do indeed increase as a result of adoption.

It is very difficult to relate improvements in forest management to the poor, however. And it is almost as difficult to measure the productivity and income changes among small farming households. In the LUPE project, the aim is to help farmers become, at a minimum, self-sufficient with respect to food, and, if possible, able to market some of their production. We should be able to assess impact here by looking at two key sets of data: (1) data from extension agents' production records, which will be corroborated with (2) data from an area sample frame on the number of farmers affected by LUPE, the amounts of crops they produce, and so on. The measurement of productivity and income among small farmers is fraught with complications and difficulties, but even if direct measures are found not to work, there are proxies to be explored, such as changes in family nutritional levels. We recommend looking at both direct and proxy measures.

We understand that the technical assistance team for the LUPE project are moving in the direction of measuring impact on small farmers, through contracting mechanisms in the project. This, we think, is a move in the right direction. When plans are established, they should be incorporated into the M&E plan.

A considerable amount of the two-week TDY was devoted to clarifying the SO, POs and indicators, and exploring possible approaches to measuring results. As a consequence, not enough time was available to pursue the details of intended uses of M&E information or plans for information dissemination. Given the forthright nature of the indicators and data to be collected, however, there are likely to be no surprises in these areas. That is not to say, however, that staff should not make explicit plans for sharing and using the information that is generated through monitoring and evaluation.

3. Performance Indicators, Means of Collecting Data, and Targets To Be Used for Measuring Progress on Strategic Objectives and Program Output Objectives and for Answering Key Managers' Questions

Strategic Objective Level Performance Indicators

Three performance indicators will be used to provide evidence of progress in achieving the SO. These indicators and supporting information are provided in the table on the next two pages. Note that two of the indicators deal with government and private industry's management of Honduras's forests (one of the selected natural resources of interest) and one deals with hillside farmers' management of agricultural land (another important natural resource).

The table provides the bulk of the M&E planning information developed to date for the three performance indicators. In the following sections, additional information is presented, without repeating what is already provided in the table.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING, EVALUATION OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
3. IMPROVED MANAGEMENT -TOWARD LONG-TERM SUSTAINABILITY-- OF SELECTED NATURAL RESOURCES	1) Increased area of forests (in cumulative hectares) managed for sustainability in model management units (La Union and Salama)	1) Cumulative hectares of forest	1992 1993 1994 (1)	102,000 ? 114,000		1988: 0 1991: 45,000	Forestry Dev't Project report. FDP gets data from PIU unit in COHDEFOR	GOH foresters report to COHDEFOR's PIU unit that area is being managed acc. to specified aids. COHDEFOR also has quality control unit monitoring forest mgmt.	COHDEFOR monitoring Cost: minimal Source: 522-0246	Annually	522-0246 Project Manager
	2) Increased area of pine forest (in cumulative hectares) harvested according to acceptable forest management practices nationwide	2) Cumulative hectares of forest	1992 1993 1994	77,000 ? 142,000		1988: 0 1991: 47,000	Forestry Dev't Project rept. FDP gets data from PIU unit in COHDEFOR	Same as above.	Same as above.	Annually	522-0246 Project Manager
	3) Increased number of households (small, hillside, farmer, cumulative) practicing one or more environmentally sound cultivation practices	3) Cumulative no. of farm families living on steep-slope hillsides (total, male-headed, female-headed)	1992 1993 1994 1995 1996 1997	T:18,470(2) M:16,980 F: 1,490 ? ? ? T:39,000 M:35,880 F: 3,120		1989: T: 11,000 M: 10,120 F: 880 1991: T: 17,320 M: 15,920 F: 1,400 See (3) below.	LUPE project reports of quarterly data received from the project's 2 regional offices	Extension agents complete standardized report on a monthly basis. The report includes data on households and the adoption of practices.	Monitoring Cost: minimal Source: 522-0292	Reported monthly, aggregated quarterly at the project central office.	522-0292 Project Manager

(1) A no-cost extension of the FDP is in process as of 9/92. Once that extension is approved and project resources are assured, targets beyond 1994 will be developed.

(2) These targets will be revised based on a field survey to be completed in Fall, 1992. It is believed that the numbers will be lower than presented here. It is also believed that the AID effort will reach about 35-40% of total population that could be targeted.

(3) Project staff report that female-headed farms are about 8% of the total farms targeted.

- 1) Performance Indicator 1: Increased area of forests (in cumulative hectares) managed for sustainability in model management units (La Union and Salama)

Evidence that forest area is being "managed for sustainability" will include evidence that a management plan has been prepared, that timber sales are being conducted according to certain technical procedures, and so on. There is a unit in the GOH's COHDEFOR that will be monitoring compliance with these practices.

The assumption being made here is that, if the area has come under COHDEFOR-supervised management, it will, by definition, be under improved management. The key to this assumption's validity is that COHDEFOR exercises reliable compliance monitoring and quality control.

The targets for this indicator have only a two-year horizon because the Forestry Development Project will end in 1994. There is likely to be a no-cost extension to the project, so additional post-1994 targets will be set when that occurs.

- 2) Performance Indicator 2: Increased area of pine forest (in cumulative hectares) harvested according to acceptable forest management practices nationwide.

"Acceptable forest management practices" with respect to harvesting include identifying and leaving standing valuable seed trees, carefully locating the roads used for timber removal, marking the trees that are to be cut, taking inventories of the trees, and so on. Here, as with the indicator above, the mission is assuming that COHDEFOR foresters (who are being trained through the program) will ensure that forest areas that come under this management program will indeed be harvested appropriately.

This indicator's targets also have a two-year horizon, and they will be adjusted when the project is extended.

- 3) Performance Indicator 3: Increased number of households (small, hillside farmer household cumulative) practicing one or more environmentally sound cultivation practices.

As a result of discussions, the phrase "one or more" was inserted in the language of this indicator. Without this phrase it was not clear as to what exactly constituted "practicing environmentally sound cultivation practices." Even with this clarification, however, we are concerned about viewing the adoption of any one of a number of cultivation practices as sufficient evidence of performance at the SO level.

During our discussions with the Rural Development staff, several practices were mentioned as among those being promoted by the LUPE extension agents: using terraces, using a lorena stove, planting family gardens, raising chickens, and digging a latrine. Some of these very obviously would contribute

to improving natural resource conditions, like terrace farming and use of latrines. But some do not, like raising chickens and planting family gardens. Furthermore, even those that do relate to the environment relate to different aspects of the environment: a lorena stove (we believe) conserves firewood, terrace farming prevents soil erosion, and so on.

Rural Development staff defend this indicator as specified here with the argument that, in the long run, much of everything a rural farmer does is related to the environment, so, if we can get any of these practices adopted, we are making progress. As well, farmers are likely to adopt more than one practice, so the likelihood of impact is actually higher than it appears. We still are not convinced that that is good enough reason to accept this loosely defined indicator as a measure of improved natural resource management.

This looseness is partly a function of the fact that actual changes in environmental conditions are not being targeted at the SO level, only natural resources "management" is. If actual conditions were being targeted--e.g., the level or rate of soil erosion, or the quality of the watershed--then certain farmers' practices might more easily be targeted as direct means of achieving impact.

This is not to say that getting farmers to plant family gardens or raise chickens is not important. These practices are simply not convincing to the "skeptic" that improved natural resources management, in the way we generally define it, is occurring.

The target numbers presented in the table are likely to be revised, based on the results of a survey of farm households currently underway. It is not clear just how large the targeted number of hillside farmers is in relation to the total population of hillside farmers who might be targeted if resources allowed. According to one estimate, the program will reach about one-third to two-fifths of the total population of hillside farmers in Honduras. This fact gets lost when only the absolute numbers of farmers targeted for adoption and actually adopting are reported. Perhaps the indicator should be expressed in terms of both absolute number and percentage of total population.

Program Output Level Program Indicators

Program Indicators for PO 3.1

There are now three indicators to monitor progress in establishing an improved policy framework. The indicators and their specifications are provided in the table on the next page.

All three indicators for PO 1 are basically "toggle-switch" indicators: e.g., one day there is no law, and then the next, there is; and the passage of the law is taken to represent progress toward improving the policy framework. In addition, if all goes well, PO 3.1 will be completely achieved by the end of 1994,

only two years from now. As such, while the indicators may provide significant evidence for *reporting*, on a one-time basis, achievement of the PO objective, they offer little value for *managing performance* on the natural resources strategic objective.

The assumption underlying these indicators is that the generation of laws and regulations will provide sufficient indication that the policy framework for better natural resource management has been accomplished. As with any legal and regulatory changes, however, there is always the question of whether those laws and regulations, upon passage, will actually be enforced in the manner needed to accomplish the higher order objective--in this case, improved management of selected natural resources. In our view, a more useful set of indicators might be those that track not only passage of laws and issuance of regulation but also actual enforcement.

It appears that the staff in the Rural Development Office believe, however, that enforcement of the regulations for that part of the Agricultural Modernization Law that deals with forests will be reflected in performance on the indicators at the SO level, i.e., improved management of the forests. In other words, there are no significant intermediate outcomes to be tracked between issuance of the regulations and improved management of the forests. Similarly, passage of improved environmental legislation and issuance of implementing regulations is the most significant accomplishment between completion of the mission's project and non-project activities in the policy reform area and improved management of other natural resources at the SO level.

We suggest that management in the Rural Development Office might want to think a little more about the possibility of tracking, at the PO level, progress beyond the establishment of laws and regulations.

From the program manager's point of view, there should also be, in addition to tracking actual passage of a law or issuance of regulations in the GOH Gazette, some way of monitoring the achievement of significant milestones that lead up to the passage of the law or issuance of the regulations. In this way, management would be alerted when the legislative or regulatory process is going off track and corrective action, if any is possible, should be taken. This level of monitoring would occur at the project level.

We asked if the Rural Development Office is managing against any intermediate milestones that link their activities and those of the Policy Analysis and Implementation Project, on the one hand, with establishment of the laws and regulations, on the other. The answer appears to be that they are not. We suggest that, if passage of the laws and regulations are crucial and if there is any uncertainty about passage then some consideration should be given to tracking progress through milestones between now and expected passage.

PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPON- SIBLE STAFF
			DATE	PLANNED	ACTUAL						
3.1 IMPROVED POLICY FRAMEWORK	1) Implementing regulations for Agricultural Modernization Law issued	1) Set of regulations	1993	Regulations are on the books		Law was passed in 4/92. Regulations are due in 4/93.	GOH Gazette	Review GOH Gazette for official evidence of issuance of regulations	Monitoring by USAID Staff Cost: Non add Source: OE	Once	522-0325 (Policy Analysis and Implementation) Project Manager
	2) Improved environmental legislation passed	2) Law	1993	Law is on the books		In absence of law and regulations, there is a lack of environmental planning.	GOH Gazette	Review GOH Gazette for official evidence of passage of law	Monitoring by USAID Staff Cost: Minimal Source: OE	Once	522-0325 (Policy Analysis and Implementation) Project Manager
	3) Implementing regulations for improved environmental law issued.	3) Set of regulations	1994	Regulations are on the books		Same as above.	GOH Gazette	Review of GOH Gazette for official evidence of issuance of regulations	Monitoring by USAID Staff Cost: Minimal Source: OE	Once	522-0325 (Policy Analysis and Implementation) Project Manager

Program Indicators for PO 3.2

Five indicators have been developed to monitor progress in achieving this output of the natural resources strategic program. They and their specifications are listed in the table on the next two pages. A few additional thoughts about these indicators and data collection plans are offered here.

- 1) Program Indicator 3.2.1: Increased number of households (cumulative) receiving technical assistance on environmentally sound cultivation and animal husbandry practices. The numbers being targeted and reported for this indicator are identical to those for the third indicator at the SO level. Rural Development staff explain that this is so because every farm household that receives technical assistance actually adopts one or more practices. If this is definitely the case, there is really no need to report both sets of numbers. If there is any question about this assumption, however, it may well be worth the effort to monitor both provision of technical assistance and adoption of one or more practices.

- 2) Program Indicator 3.2.2: Increased percentage of total wood processed that is processed by band sawmills.

This strikes us as a solid indicator at the results level--it gets at changed practices--at true technology transfer. It is straightforward and is backed by annual data collected by COHDEFOR.

The assumption underlying this indicator is that, as more sawmillers are provided with bandsaw technology, a higher proportion of annual wood production will be done with bandsaws rather than the more wasteful circular saws. As the baseline data show, the trend is not necessarily consistent over time (i.e., more and more bandsaw production from one year to the next), but the reduction in 1991 is apparently explainable by fluctuations in major sawmills' production levels for that year, not by any sawmillers' returning to circular saw production.

The 1991 baseline figure does suggest that this indicator warrants some refinement so that the numbers do reflect changes in technology transfer, not changes in sawmillers' production levels.

- 3) Program Indicator 3.2.3: Increased amount of training (cumulative person-months) received by personnel responsible for effective forest management. This is a very low-level indicator not really indicative of technology having been transferred. That said, it should be pointed out that the training provided is so diverse and so varied in amount that it would be very difficult and costly to measure at an aggregate level the impacts of the training on performance.

This indicator, and some of the others, demonstrates the difficulty encountered when two once-discrete projects (here, FDP and LUPE) are now being integrated into a "program." It will likely take several years of program thinking before POs will stop hovering at the project output level.

PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPON-SIBLE STAFF
			DATE	PLANNED	ACTUAL						
3.2 INCREASED ENVIRONMENTAL AWARENESS AND TECHNOLOGY TRANSFER	1) Increased no. of households (cumulative) receiving technical assistance on environmentally sound cultivation & animal husbandry practices (1)	1) Cumulative number of farm families living on steep-slope hillside (total, male-headed, female-headed)	1992 1993 1994 1995 1996 1997	T:18,470 (2) M:16,980 F: 1,490 ? ? ? ? T:39,000 M:35,880 F: 3,120		1989: T: 11,000 M: 10,120 F: 880 1991: T: 17,320 M: 15,920 F: 1,400	LUPE project reports of quarterly data received from the project's 2 regional offices	Ext. agents complete monthly standardized rept., which includes data on house-holds and the receipt of TA.	Monitoring Cost: minimal Source: 522-0292	Reported monthly, aggregated quarterly at the project central office.	522-0292 Project Manager
	2) Increased percentage of total wood processed that is processed by band sawmills	2) Percentage of total board feet	1992 1993 1994 See (2) below	? ? 77%		1986: 57% 1987: 63% 1988: 72% 1989: 72% 1990: 74% 1991: 73%	COHDEFOR records	Sawmills report annual production data to COHDEFOR, which then aggregates those data by sawmill type—circular and band. USAID staff compute percentages.	Monitoring Cost: minimal Source: GOH/ COHDEFOR	Annually	522-0246 Project Manager
	3) Increased amount of training (cumulative person-months) received by personnel responsible for effective forest management	3) Person-months of training (total, male, female)	1992 1993 1994 See (2) below	? ? 2641		1988: 24 1989: 81 1990: 250 1991: 639	FDP project records (522-0246)		Monitoring Cost: Source: 522-0246		522-0246 Project Manager
	4) Increased positive attitudes, among children and adults, toward environmentally sound practices with respect to pine and hardwood forests	4) Average changes in scores on attitude interviews (or, perhaps, percentage of interviewees expressing a minimum level of positive attitudes (total, male, female) (3)	1994 1995 1996	? ? ?		1992-3: ?	Primary: Repres. sample(s) of Hondurans targeted by public awareness/ attitude activities; Secondary: FDP (522-0246)	Multi-year awareness/attitude interviews of representative samples of the groups targeted, e.g., children, adults living near forests.	Special surveys Cost: Source: 522-0246	Annually	522-0246 Project Manager
	5) Increased no. (cum.) of studies to evaluate ecosystems for potential environmental activities	5) Cumulative number of assessment studies	1992 1993 1994 1995 1996 1997	3 ? ? ? ? 5		1990: 0 1991: 3	FDP (522-0246) records	Simple count of studies completed	Monitoring Cost: minimal Source: OE	Annually	522-0246 Project Manager

(1) According to project staff, the targets and actual figures for this indicator will always be the same as those for Performance Indicator 3 ("Increased number of households practicing one or more..."). This is so because every farm family that receives TA adopts one or more practices. If this is an accurate observation, there should be no need to collect and report these data; they add nothing to improved project implementation or to reporting significant outcomes.

(2) A no-cost extension of the FDP is in process as of 9/72. Once the extension is approved and project resources are assured, targets beyond 1994 will be developed.

(3) This indicator is a new one, and has yet to be developed. It is believed that there are project resources—financial and technical—to develop means of measurement.

- 4) Program Indicator 3.2.4: Increased positive attitudes, among children and adults, toward environmentally sound practices with respect to pine and hardwood forests. This indicator was adopted very late in the TDY, so there is little development to report here. It is a significant indicator in two senses. First, it represents an attempt by the Rural Development staff to measure the results of their public awareness activities, not just the activities themselves. While one could ask "so what?" even beyond changes in attitudes (e.g., at the level of actual behaviors or, even higher, at the level of the impact of changed behavior on the environment), this indicator is certainly a level above that of the indicators it replaced (namely, counts of materials distributed and promotion activities carried out).

It is a significant indicator in a second sense in that it will require some special research to develop the means of measuring attitudes on a periodic basis. The Rural Development staff need to think carefully about how this will be done, either by piggybacking onto some other surveys--if any are amenable, given the target populations involved--or by creating a special survey just to measure changes in attitudes targeted by the program.

- 5) Program Indicator 3.2.5: Increased number (cumulative) of studies to evaluate ecosystems for potential environmental activities. This indicator is far from being an indicator of impact, but it tracks a set of activities that are considered very important by the Rural Development staff. The studies being counted here have the potential of sparking significant environmental activities on the part of the GOH or private sector.

Whether those activities will relate directly to the forest and agricultural natural resources targeted by the natural resource SO is uncertain. As a consequence, it is not clear whether this indicator should be considered a key measure of the current program's contribution to the current SO. Therefore, in spite of the importance of the activity it tracks we still recommend that it be dropped from the PO indicator set. As a general principle, the M&E design for the SO need not include everything of importance being managed by the Rural Development Office--it should include everything of importance with respect to achieving the SO as currently defined.

Program Indicator for PO 3.3

PO 3.3 has only one indicator, namely, the number of NGOs working on natural resources management activities. (See the table on the next page.) These activities will be funded through the GOH's newly created ETF. The mission's role will lie in providing managerial technical assistance to the ETF and to NGOs funded by the ETF. This indicator relates to the one described immediately above in that some of the NGOs being counted here may conduct activities identified by the studies being conducted.

As with the last indicator for PO 3.2, we are concerned about the relevance of the outcome being tracked here to achieving the SO. NGOs may or may not get involved in activities that add to improved management of the forests or farmland. If they get involved in other types of environmental management interventions, there may be a desire to revise the SO to include additional "selected natural resources," such as biodiverse ecosystems, air, water, etc. As for now, this indicator is a very uncertain measure of intermediate achievement (at the PO level) toward accomplishment of the SO, as currently defined.

PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORM- ATION	DATA SOURCES	METHOD/ APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
3.3 INCREASED PRIVATE SECTOR ACTIVITY IN IMPROVING NATURAL RESOURCE MANAGEMENT	1) Number of NGOs (cumulative) working on natural resources management activities (1)	NGO with project support from new Environmental Trust Fund	1992 1993 1994 1995 1996 1997	1 ? ? ? ? 10		1991: 0	ETF records	Simple reporting of NGOs that are involved in ETF- sponsored activities	Monitoring Cost: Minimal Source: GOH's ETF	Annually	Rural Development Office

(1) Upon startup of a new mission effort, the mission will be providing TA to the GOH's new Environmental Trust Fund and to local NGOs, to help them get started in environmental projects. The mission has no control over the kinds of activities the ETF will fund or the specific NGOs that will receive support. Therefore the indicator is at a very gross level.

E. Strategic Objective No. 4: Healthier, Better Educated Hondurans

1. The Strategy and Intended Impacts To Be Monitored/Evaluated

SO 4 addresses such major problems among the lower socioeconomic classes of Honduras as high infant mortality, malnutrition, unhealthy fertility patterns, high incidence of certain diseases caused by poor water and sanitation, and inadequate educational development as evidenced by high repetition and drop-out rates. The problems are made more acute by the inadequate provision of services, equipment and qualified personnel in the rural areas, where poverty is more prevalent.

SO 4 targets the major health and education problems by developing programs and projects that seek to remove and/or negate those key factors constraining Hondurans from improving their health and level of education. (See the objective tree on the next page for an overview of Strategic Objective No. 4 and the associated performance indicators, program outputs, and program indicators.) A major assumption made by the Mission is that improved health and educational development are essential underpinnings facilitating economic and democratic development. Therefore, healthier and better educated Hondurans are essential components in its assistance strategy.

It is important to note that SO 4 is in consonance with Objective 1 and Sub-Objective C of AID's Latin American and Caribbean (LAC) Bureau: "Support the achievement of broadly based, sustainable economic growth," and, under that, "Encourage accelerated opportunities for increased participation in the economy by the disadvantaged." As currently envisioned, the major program indicators and activities of USAID/H's fourth strategic objective directly support LAC Bureau performance indicators. As the table on the page after the objective tree indicates, specific activities funded under each of the program outputs do indeed support efforts to improve the quality of life of those Hondurans who have been denied access to opportunities for economic and educational development.

2. Major Information Users of M&E Information and the Information They Need

The key information users for this Strategic Objective are as follows:

- Field staff and project implementation personnel who have need to know on a regular basis "how the project is doing";
- Administrative and program planning and monitoring/evaluation staff who are concerned with planning programs/projects involving allocating resources, establishing and/or refining goals and objectives, integrating projects up to the program level, and linking and coordinating programmatic efforts;
- AID project and program officers, senior Mission management, Congress and other policy level personnel who require progress and performance output and impact data (where available) for policy and implementation decision making.

It is essential that these groups be involved actively in defining project/program information needs from the design through implementation monitoring and evaluation phases of the effort.

USAID/HONDURAS STRATEGIC OBJECTIVE 4

**MISSION GOAL II
CONSOLIDATION OF
THE HONDURAN
DEMOCRATIC SYSTEM**

**STRATEGIC OBJECTIVE 4
HEALTHIER, BETTER
EDUCATED HONDURANS**

PERFORMANCE INDICATORS

- o Reduced infant mortality rate (deaths per 1000 live births)
- o Reduced reproductive risk (deaths of mothers per 100,000 births)
- o Reduced level of malnutrition among children 5 and under
- o Decelerated rate of growth of incidence of AIDS
- o Increased numbers & percentages of children starting 1st grade who complete 4th grade
- o Increased numbers & percentages of children starting 1st grade who complete 6th grade
- o Percentage increase in academic achievement levels in grades 1-6

PROGRAM INDICATORS

- o Increased contraceptive prevalence in women of reprod. age in union
- o Reduced fertility rates in women of reproductive age
- o Increased percentage of women aged 12 & over vaccinated for tetanus toxoid within the last 10 years
- o Increased percentage of children 5 and under vaccinated for selected diseases: DPT, measles, polio, TB
- o Increased total no. of condoms distributed (sold & handed out)

**PROGRAM OUTPUT 4.1
INCREASED PERCENTAGE
OF HONDURANS WHO
PRACTICE FAMILY
PLANNING**

**PROGRAM OUTPUT 4.2
INCREASED
EFFECTIVE
BREASTFEEDING**

- o Increased mean duration of breastfeeding
- o Increased percentage of mothers breastfeeding exclusively for the first 4 months

**PROGRAM OUTPUT 4.3
INCREASED PERCENTAGE
OF WOMEN & CHILDREN
AGED 5 & UNDER WHO
ARE VACCINATED**

**PROGRAM OUTPUT 4.4
REDUCED IMPACT
AND INCIDENCE OF
SELECTED DISEASES**

- o Cholera fatality rate maintained at less than 1% of the reported cholera cases
- o Reduced incidence of diarrhea for children under 5
- o Improved treatment for diarrhea

**PROGRAM OUTPUT 4.5
INCREASED USE OF
AIDS PREVENTION
PRACTICES**

**PROGRAM OUTPUT 4.6
INCREASED EFFICIENCY,
QUALITY AND COVERAGE
OF THE PRIMARY
EDUCATION SYSTEM**

- o Increased promotion rates in all grades
- o Increased access to improved instructional methods and materials
- o Increased coverage in gr. 1-6

PROGRAM OVERVIEW: Strategic Objective 4, HEALTHIER, BETTER EDUCATED HONDURANS

Program Output	Activities	Source of Support	
		Project Title	No.
4.1 INCREASED PERCENTAGES OF HONDURANS WHO PRACTICE FAMILY PLANNING	Assistance to ASHONPLAFA* to Provide Clinical, Social Marketing and Community Distribution of Contraceptive Services Assistance to Foster Parent's Plan to Provide Educational and Referral Services Assistance to Various PVO's Through INOPAL (The Population Council) to Provide Educational and Referral Services	Private Sector Population II	522-0369
	Assistance to the Ministry of Health and the Honduran Social Security Institute	Health Sector II	522-0216
4.2 INCREASED EFFECTIVE BREASTFEEDING	Assistance to ASHONPLAFA to Provide Educational Services Assistance to Foster Parent's Plan to Provide Educational Services Assistance to Various PVO's Through INOPAL (The Population Council) to Provide Educational Services	Private Sector Population II	522-0369
	Assistance to the Ministry of Health and the Honduran Social Security Institute	Health Sector II	522-0216
4.3 INCREASED PERCENTAGE OF FERTILE AGED WOMEN AND CHILDREN AGE 5 AND UNDER WHO ARE VACCINATED	Provision of Cold Chain (Refrigeration) Equipment Design, Development and Expansion of Community Volunteer Program Promoting Surveillance Education and Referral for Vaccinations	Health Sector II	522-0216
4.4 REDUCED INCIDENCE AND IMPACT OF SELECTED DISEASE	Design, Pre-Test, Produce and Distribute Educational Materials Donate and Install in Health Centers Nebulizers (Vaporizers) for Children Install and Utilize Heavy Equipment for Drainage Purposes in Malaric Areas Install Aqueducts With Potable Water and Latrines in Small Rural Communities Fund PVO's to Work in Rural Water and Child Survival Projects; Support Immunization Program	Health Sector II	522-0216
4.5 INCREASED USE OF AIDS PREVENTION PRACTICES	Donation and Distribution of Condoms Through Health Centers and Retail Outlets Provision of Blood-Testing Reagents Public Education on Prevention of AIDS and STDs Provided	Health Sector II Population Private Sector	522-0216 522-0369
4.6 INCREASED EFFICIENCY, QUALITY, AND COVERAGE OF PRIMARY EDUCATION SYSTEM	Teacher and Supervisor Training Develop and Distribute Textbooks, Workbooks, Modules, and Other Educational Materials Construction and Repair of Schools Conduct Educational Research Establish Minimum Competencies for Grades 1-6 Develop Standardized Tests for Grades 1-6 Strengthen Ministry of Education Mgmt. Info. System	Primary Education Efficiency	522-0273

"Managers' Questions" undergird those areas for which information is needed to demonstrate successful achievement of the strategic objective. Therefore, these questions inform the process by which indicators are selected, and guide the identification and selection of the most important data/information needed. For managers these questions serve two purposes; 1) to focus on roles, responsibilities and functions; and, 2) to provide information needed to make critical decisions during the course of a project or program's life.

The following managers' questions were identified for the efforts under Strategic Objective 4:

Agency, Congress, Policy Level

- To what extent have processes (opportunities) been developed and put into place to ensure sustainability of program gains?
- To what extent do program outputs/achievements support the strategic objective and lead to improvement in quality of life?
- To what extent are the programs cost-effective?

Program and Project Level

- To what extent are expected program/project targets being achieved?
- To what extent are administrative resources being used efficiently and effectively?
- To what extent has host country support facilitated achievement of program/project targets, and program/project sustainability?
- To what extent do program/project activities support the strategic objective?
- Are the programs/projects cost-effective?

3. **Performance Indicators, Means of Collecting Data, and Targets to be Used for Measuring Progress on Strategic Objectives and Program Output Objectives and for Answering Key Managers' Questions**

Strategic Objective Level Performance Indicators

Seven performance indicators have been identified for this strategic objective (see the table on the next two pages). The Mission assumes that it will be able to measure impact on health and education by looking at the progress made in each of these measures. These indicators are:

- Reduced infant mortality rate. This indicator is recognized as an appropriate measure of overall national health.

STRATEGIC OBJECTIVE 4: HEALTHIER AND BETTER EDUCATED HONDURANS

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING, EVALUATION, OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
Healthier, Better Educated Hondurans	Reduced infant mortality rate	Deaths per 1000 live births	1992 1995	42	45 (est)	61 (1985) 50 (1989)	EFHS and Projections	Analyses and projections	Monitoring Cost: Source:	Every 4 years	HRD/Health nutrition division (HPN)
	Reduce reproductive risk	Deaths of mothers per 100,000 births	1995	150		221 (1989)	1989-90 study on Maternal mortality	Analyses and projections	Monitoring	Every 4 years	HRD/Population
	Reduced level of malnutrition among children 5 and under	Percent of children 5 and under at level 2 or worse malnutrition (wt/height)	1995	18.4		20.6 (1987) 19.5 (1991 est)	EFHS and projections	Analyses and projections of EFHS data (1987, 1991, 1995)	Monitoring	Every 4 years	HRD/HPN
	Decelerated rate of growth of incidence of AIDS	Number of new cases detected Total Male Female	1995	 13,032 8,411 4,621		1990 Total 729 Male 523 Female 206	Ministry of Health, Epidemiology Division	Project 522-0216 M & E System	Monitoring	Annually	HRD/HPN
	Increased numbers and percentages of children starting first grade who complete 4th grade	Thousands of children Male Female	1995	86.9	83 (1991)	61.7 (1986)	Primary Education Efficiency Project (522-0273) (MOE)	Project 522-0273 M&E System	Evaluation/ Monitoring Cost: \$1,200/year Source of Funds: Project	Annually	HRD/E
		Percent of cohort in 1st. grade Male Female	1995	34	32	27.4					

(Continued on next page.)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING, EVALUATION, OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
Healthier, Better Educated Hondurans	Increased numbers and percentages of children starting first grade who complete 6th grade	Thousands of people Male Female	1995	86.9	83.0 (1991)	61.7 (1986)	Primary Education Efficiency Project (522-0273) (MOE)	Project 522-0273 M&E System	Evaluation/ Monitoring Cost: \$1,200/year Sources of Funds: Project	Annually	HRD/E
		Percent of cohort in 1st grade Male Female	1995	34%	32% (1991)	27.4% (1986)					
	Percentage increase in academic achievement levels in grades 1-6	Standardized testing Male Female	1992 1995	15%	(90) 1-3 (91) 4-6	Based on scores	Primary Education Efficiency Project (522-0273) MOE	Project 522-0273 M&E System	Monitoring Cost: \$1,200 Source of Funds: Project	Annually	HRD/E

- Reduced reproductive risk. This indicator is recognized as an appropriate measure of maternal health, as well as a measure of the health of the children in the family.
- Reduced level of malnutrition among children 5 and under. This is another good indicator of overall health since malnourished children remain unhealthy as they grow up.
- Decelerated rate of growth of incidence of AIDS. This indicator is appropriate as the incidence of AIDS increases, and impacts negatively on the overall health of Hondurans.
- Increased numbers and percentages of children starting first grade who complete 4th grade. This indicator measures the internal efficiency of primary education. Completing the fourth grade is associated with achieving basic literacy and numeracy, which are two of the key factors associated with higher levels of economic and civic productivity.
- Increased numbers and percentages of children starting first grade who complete 6th grade. This indicator also measures the internal efficiency of primary education. Completing the sixth grade is a requisite for many entry-level jobs and for entry into secondary school.
- Percentage of increase in standardized test scores in grades 1-6. This indicator is an appropriate measure of educational achievement and quality of education.

Some key assumptions undergirding the performance indicators include:

- There is a direct linkage between healthier people and improved quality of life, and existing interventions will lead to a better quality of life.
- The most direct path to improve the health status of children will come from focusing on integrated care for the 4-15-month-old child, emphasizing the components of breastfeeding, the prevention and management of infectious diseases (diarrhea and respiratory infections), and micronutrients.
- Improvements in primary health care will produce healthier Hondurans, independent of any other development programs.
- Political, social, and other community institutions will not increase their opposition to specific health projects/programs.
- Lessons learned in other countries are applicable to Honduras and will have a positive influence on Honduran decision makers.
- Completion of the 4th grade is an appropriate indicator of literacy and numeracy.
- Educational project inputs can overcome the socio-economic constraints of students and families to increase educational achievement levels.

The table on the preceding pages indicates that there are baseline data for each performance indicator. The consensus among program staff in the areas of health, population, and education is that the

data are indeed of good quality and useful in monitoring program/project progress toward achieving goals and in planning ongoing activities.

In the area of health the primary data source is the EFHS study, with its projections, and data maintained by the Ministry of Health. For each of the performance indicators in the education area, data are provided by the Primary Education Efficiency project, the Ministry of Education, and household surveys. Data for the infant mortality, reproductive risk, and malnutrition indicators are collected every 4 years. Data for the other indicators (AIDS incidence and the education projects) are collected annually.

Complementing current monitoring and evaluation activities are a series of special studies to support the Primary Education Efficiency Project. These will be designed to assist the MOE and the project in identifying, evaluating, and validating ways to achieve high quality, affordable, more cost-effective primary education in Honduras. Such special studies include the following:

- Comparison and analyses of data from the Ministry of Planning (SECPLAN) Household Survey, data from the United Nations Development Program (UNDP), and MOE statistics on students, by grade level, academic achievement, dropout, repetition and promotion rates; determination of probable causes for differences in data; and development of the most appropriate uses or applications of data from each source. In addition, the researchers shall review questions from an education module to be attached to the Household Survey.
- Historical analyses of dropout, promotion and repetition rates from 1980 through 1992. A representative sample of schools for monitoring these rates and the effects of specific interventions impacting on key variables will be developed.
- The effects of cognitive, affective, and motor skill preschool learning on academic achievement, dropout, repetition and promotion rates, in the first and second grades of primary school.
- The effects of under-age primary school enrollments on academic achievement, dropout, repetition and promotion rates, congestion costs for the MOE, characteristics of under-age students and their families, and suggested alternatives for the MOE.
- The effects of the use of single, double and triple shifts on academic achievement, dropout, repetition and promotion rates, and the cost-effectiveness of primary education.
- The effects of student-centered learning and modularized instruction on academic achievement, dropout, repetition and promotion rates, and cost-effectiveness in primary education.

The total number of studies and the final guidelines or hypotheses to be tested will be defined by the MOE and USAID.

At this point in time, special study in the areas of Health and Population calls for assisting the Ministry of Health in its study on decentralization.

Program Output Level Program Indicators

The table on the next two pages specifies the program indicators, units of measurement, data elements, and monitoring and evaluation components for each of the program outputs.

Each program indicator is a quantifiable measure of the degree to which the program output can be assessed, and reflects outputs as either an amount or a percentage. In addition, each program output has monitoring as its "type" of activity, and since monitoring is the ongoing systematic collection of information to measure program strategic objective and program output (outcome) achievements over a defined period of time, it is appropriate that units of measurement be quantifiable.

In addition to the assumptions which undergird the strategic objective and the performance indicators, the following assumptions directly support program outputs and the accompanying indicators:

- Providing trained teachers and textbooks where they do not currently exist will increase student academic achievement.
- The Government of Honduras will continue to provide textbooks after the initial set has been provided by the education project.
- Drop-out and repetition rates can be reduced by reducing the number of multi-grade classrooms.
- The Government of Honduras will continue to support and sustain family planning services and projects.
- Increased use of birth spacing practices will lead to healthier children and mothers.
- The demand for contraceptive interventions will continue to increase, along with the acceptance of modern methods.
- IEC campaigns will lead to acceptance of contraception and behavioral changes related to contraceptive use.
- Women continue to want to have fewer but healthier children.
- An unmet demand for contraceptives will continue to exist.
- Men and women will respond positively to quality mass media and interpersonal education efforts.

Baseline data have been collected from existing data bases at both the Ministry of Health and the Ministry of Education, and, as noted, Mission personnel have identified these data as both useful and of acceptable quality. In addition, there is confidence that the identified targets are attainable, and data in reports support this.

PROGRAM OUTPUTS	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING, EVALUATION, OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACT.						
4.1 Increased percentage of Hondurans who practice family planning	Increased contraceptive prevalence in women of reproductive age in union	Percent of sexually active women in union of reproductive age using family planning methods	1987 1991 1995	51%	41 47	41% (1987) 47% (1991)	EFHS 1987 and 1991 projections	Analyses and projections of 1987 & 1991 EFHS	Monitoring Cost: * Source:	Every 4 years	HRD/POP
	Reduce fertility rates in women of reproductive age	Average number of live births per 100 women of fertile age Total 15-44	1987 1991 1995	4.7	5.6 5.1	1987 Total 5.6 1991 Total 5.1	EFHS 1987, 91 Surveys	Analyses and projections of 1987 & 1991 surveys	Monitoring	Every 4 years	HRD/POP
4.2 Increased effective breastfeeding	Increased mean duration of breastfeeding	Number of months child is breastfed	1987 1991 1995	18	17.3		EFHS 87	Analyses and projections of 1987 & 1991 surveys	Monitoring	Every 4 years	HRD/POP
	Breastfeeding exclusively for the first 4 months	Percent of mothers breastfeeding exclusively	1987 1991 1995	10.0%	5.5 N/A	5.5%	EFHS 87, 91 surveys	Analyses and projections of 1987 & 1991 surveys	Monitoring	Every 4 years	HRD/POP
4.3 Increased percentage of women and children age 5 and under who are vaccinated	Increased percent of women aged 12 and over vaccinated for tetanus toxoid within last 10 years	Same as output indicator	1993 1994 1995	80%		49% (90)	MOH reports Health Sector II Project (522-0216) Ministry of Health	Project 522-0216 M&E System data analysis	Monitoring	Annually	HRD/HN
	Increased percent of children 5 and under vaccinated for selected diseases DPT MEASLES POLIO TUBERCULOSIS	Same as output indicator	1993 1994 1995	95% 98% 95% 95%		80% (1990) 94% 86% 81%	MOH reports Health Sector II Project (522-0216) Ministry of Health	Project 522-0216 M&E System data analysis	Monitoring	Annually	HRD/HN

PROGRAM OUTPUTS	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD/ APPROACH	MONITORING, EVALUATION, OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACT.						
4.4 Reduced incidence and impact of selected diseases	Maintain cholera fatality rate at less than 1% of the reported cholera cases	Percent of fatalities due to cholera	1995	Less than 1%		N/A until early 1993	MOH reports Health Sector II Project	Project 522-0216 M&E System data analysis	Monitoring	Annually	HRD/HN
	Reduced incidence of diarrhea for children under 5	Percent outpatient visits of children under 5 to Health Centers for diarrhea	1995	12.0%		17.5% (1990)	MOH reports Health Sector II Project (522-0216) Ministry of Health	Project 522-0216 M&E System data analysis	Monitoring	Annually	HRD/HN
	Improved treatment for diarrhea	Percent of children under 5 with diarrhea in the last 3 days who were treated with ORS	1993 1994 1995	40%		17.4% (1987) 29.5% (1991)	EFHS	EFHS	Monitoring	Annually	HRD/POP
4.5 Increased use of AIDS prevention practices	Increased total number of condoms distributed (sold and handed out)	Thousands of condoms	1993 1994 1995	5,000		4,000 (1990)	Priv. Sector Pop. Prog. II (522-0369) & Central Contraceptive Proc. (936-3057) AID Procurement Office	Analyses and review of Projects 522-0369 & 936-3057 records	Monitoring	Annually	HRD/HN & HRD/POP
4.6 Increased efficiency, quality, and coverage of primary education system	Increased promotion rates in all grades	Percent increase of number promoted Male Female	1995	20%		627,668 (1986)	Primary Ed. Efficiency Project (522-0273) MOE	Project 522-0273 M & E System data analysis	Monitoring Cost: \$1,200 Source of funds: Project	Annually	HRD/E
	Increased access to improved instructional methods and materials	Classrooms with access to trained teachers & new instructional materials Male Female	1995	100%			Primary Ed. Efficiency Project (522-0273) MOE	Project 522-0273 M & E System data analysis	Monitoring Cost: \$1,200 Source of funds: Project	Annually	HRD/E
	Increased coverage in grades 1-6	Number of students in grades 1-6 (thousands)	1995	950,000		803.6 (1986)	Primary Ed. Efficiency Project (522-0273) MOE	Project 522-0273 M & E System data analysis	Monitoring Cost: \$1,200 Source of funds: Project	Annually	HRD/E

Data for each of the indicators come from existing data collection practices of the Ministry of Health and Ministry of Education and the EFHS. These data are analyzed by project staff, and the results of these analyses are used in project planning, monitoring, and assessing progress toward achieving project targets. Program outputs 4.1 Increased percentage of Hondurans who practices family planning, and 4.2 Increased effective breastfeeding collect data every four years. All other program outputs and associated indicators collect and analyze data annually.

For program outputs 4.1 and 4.2 \$182,000 have been allocated to the Epidemiology and Family Health Surveys which are conducted every four years. This allocation is for a two-year period, and covers all data collection analysis and dissemination activities. In addition, the Mission buys into a study supported by the Ministry of Health by providing \$154,000 over a two-year period for Family Health International to conduct a survey to support Mission Health Sector II projects. In addition, the Mission provides in-kind support for the analysis and dissemination of monitoring and evaluation data.

The Mission teams that have been involved in health, population, and education have a clear and well-focused approach to performance indicators, program outputs, and program indicators. There is confidence in the quality and utility of the data produced under their monitoring and evaluation activities, and an extremely capable, qualified and committed staff have developed appropriate plans, programs and projects, which will contribute to achieving this strategic objective.

F. Strategic Objective No. 5: More Responsive Selected Democratic Institutions and Processes with Greater Citizen Participation

1. The Strategy and Intended Impacts to be Monitored/Evaluated

The democratic initiatives strategic objective incorporates three major components of the Mission's program:

- Democratic initiatives in the judicial, congressional, and electoral systems, and in the development of citizen values
- Municipal development in fourteen municipalities, and
- Government accountability through improved auditing procedures and practices.

There are six projects comprising various initiatives and activities that collectively support the achievement of the strategic objective. Five of these projects currently are being implemented, and a sixth will be designed in FY 1993. These projects are the following:

<u>Project Title & Number</u>	<u>Status</u>
Strengthening Democratic Institutions: 522-0296	In progress PACD 1995
Municipal Development 522-0340	In progress PACD 1997
Central American Peace Scholarships 522-0329 & Honduran Peace Scholarships 522-0364	In progress PACD 1993 PACD 1998
Regional Textbook Center (RTAC II) 522-0384	In progress PACD 1996
Strengthening Accountability Systems 522-0381	Design FY 93 PACD 1996.

These projects will contribute to the achievement of six program-level outputs that, in turn, will lead to achievement of the strategic objective. The program-level strategic objective and outputs are depicted in the "objective tree" on the next page. The objective tree also illustrates the indicators for measuring progress towards or achievement of SO 5 and its respective program outputs.

USAID/HONDURAS STRATEGIC OBJECTIVE 5

MISSION GOAL II
CONSOLIDATION OF
THE HONDURAN
DEMOCRATIC SYSTEM

STRATEGIC OBJECTIVE 5
MORE RESPONSIVE SELECTED
DEMOCRATIC INSTITUTIONS,
WITH GREATER CITIZEN
PARTICIPATION

PERFORMANCE INDICATORS

- o Percentage of public that believes governmental elections are fair, open, and free is maintained
- o Increased public confidence in the judicial system
- o Improved public perception of local governance

PROGRAM INDICATORS

- o No. of requests by members of Congress
- o Timely production & distribution of the complete daily record by Congress (average no. of days delayed)
- o Total budget availability for the Court measured against constitutionally mandated amount
- o Cumulative number of people having completed the "Experience America" program
- o Cumulative number of textbooks sold

PROGRAM OUTPUT 5.1
GREATER AND MORE
EFFICIENT INFORMATION
USAGE IN DEVELOPING
AND TRACKING LAWS

PROGRAM OUTPUT 5.2
BETTER QUALIFIED & MORE
ETHICAL & EFFICIENT JUDGES,
ATTORNEYS, & ADMINISTRATORS
IN JUDICIAL INSTITUTIONS

- o Adherence to precepts of judicial career law (in hiring, firing, and grievances heard)
- o Total no. of qualified full-time pub. defenders, law school graduate JPs, pub. prosecutors, & liaison off. staff
- o Effective Office of the Inspector General (% complaints investigated & closed within 3 mos.)

PROGRAM OUTPUT 5.3
FRAMEWORK INSTITUTIONALIZED
FOR ONGOING LEGAL AND
ADMINISTRATIVE REFORMS
IN THE JUDICIAL SYSTEM

PROGRAM OUTPUT 5.4
FOURTEEN MUNICIPALITIES
EXECUTE MANAGERIAL AND
FINANCIAL FUNCTIONS ON A
SUSTAINABLE BASIS IN RESPONSE
TO CONSTITUENT NEEDS

- o Increased community attendance at town meetings
- o Increased proportion of mun. budgets going to capital projects
- o Increased coverage/provision of pub. services (water, sewerage, garbage collection) by municipalities

PROGRAM OUTPUT 5.5
GREATER NUMBER OF
HONDURANS EXPOSED
TO AND TRAINED IN
DEMOCRATIC VALUES

PROGRAM OUTPUT 5.6
STRENGTHENED GOH
AUDITING CAPABILITY
AND PUBLIC
ACCOUNTABILITY

- o Controller General conducting audits in acc. with AICPA standards
- o Audit findings of fraud & corruption are prosecuted and sanctioned

2. Major Users of M&E Information and the Information They Need

Key manager's questions are identified to guide the appropriate selection of indicators, and to keep to a minimum the number of indicators selected for reporting to AID/W. These questions reflect the basic questions that might be asked of program managers by policy makers, as well as those asked by managers in order to manage implementation of the program. The questions identified for SO 5 are as follows:

- Are national elections fair, open and free? Are the mayors and the municipal officials elected directly in free and open elections?
- Are members of the Honduran Congress using the Center for Information and Legislative Studies (CIEL), and are they receiving up-to-date reports on Congressional activities?
- Is there a predominance of ethical, efficient and effective judicial and auditor personnel and lawyers?
- Is the Court receiving sufficient funds to analyze and implement reasonable reforms?
- Does the community actively participate in local and central government management?
- Are communities receiving adequate local services?
- Are a greater number of Hondurans exposed to and trained in democratic values?

3. Performance Indicators, Means of Collecting Data, and Targets to be Used for Measuring Progress on Strategic Objectives and Program Output Objectives and for Answering Key Managers' Questions

For each indicator, this monitoring and evaluation (M&E) plan will track how the indicator will be measured, the source of data, the method or approach for collecting the data, establishment of a baseline if relevant, annual targets, and who in the Mission is responsible for ensuring that the indicator is measured periodically as planned.

While the indicators included in this plan are all program-level and those to be reported annually to AID/W, the strategic objective work team (SOWT) for this strategic objective is encouraged to include other indicators which, though not reported to AID/W, may be of value for managing implementation of the program.

Strategic Objective Level Performance Indicators

There are three performance indicators for assessing progress at the strategic objective level:

- 1) The percentage of public that believes governmental elections are fair, open and free is maintained

- 2) Increased public confidence in the judicial system
- 3) Improved public perception of local governance.

These indicators and their associated targets, baseline data, and specifications for data collection are presented in the tables at the end of this section.

The assumptions upon which the performance indicators are based are the following:

- The judicial system budget is adequate.
- Career law is in force.
- No military coup or other event occurs to prevent or hinder elections.
- The losing party does not mount an election fraud campaign.

The proposed approach for measuring achievement of the performance indicators is the use of opinion polling. The following are the assumptions upon which that approach is based:

- People/citizens are able to express their perceptions via a reliable and valid measuring instrument.
- Respondents will have agreed upon definitions.
- A trained, capable cadre of data collectors is available.
- An appropriate sample can be identified.
- Opinion polls are the most effective mechanism for measuring performance.
- The data collection methodology will ensure free and accurate responses.
- An instrument can be created that will measure what the Mission needs to know.
- A baseline can be established.

Program performance information as depicted by indicators 1 and 2 will or could be used by the institutions and offices identified below. How the information will be disseminated and how often also is indicated in the table below.

Performance Indicators 1 & 2: INFORMATION USER	METHODS FOR DISSEMINATION	FREQUENCY
Mission staff	Project reports - SARS	Semi-annually
Other missions in Central America	Public information bulletin	Semi-annually
AID/W: LAC and POL/CDIE	Action Plan	Annually
Embassy	Reporting to the Committee on Democratic Initiatives	Semi-annually

Program information from performance indicator 3, improved public perception of local governance, will be distributed to the institutions and offices indicated in the table below.

Performance Indicator 3: INFORMATION USER	METHODS FOR DISSEMINATION	FREQUENCY
Mission staff and AID/W	Same as above	Same as above
Municipal Authorities	Reports Workshops	Annual Ad hoc
Association of Municipalities	Report	Annual
Asesoria Technica Municipal of the Ministry of Government and Justice	Report	Semi-annual

A baseline, using Gallup opinion polls, was established in May of 1992 for the first two performance indicators. A baseline has not been established for the third indicator to measure "Improved public perception of local governance." This will require a different and separate opinion poll designed specifically for the 14 municipalities included in the Mission's program.

The program managers will track and ensure that females as well as males are included equally in the sampling population of annual opinion polling.

Given the key managers' question regarding whether mayors and other municipal officials are elected directly in free and open elections, the strategic objective work group may want to measure this more precisely as a performance indicator at the municipal level.

Program Output Level Program Indicators

Program Indicator for PO 5.1

There are two indicators for PO 5.1:

- 1) Requests for information by members of Congress and
- 2) Timely production and distribution of the complete daily record by Congress.

The key program management question for this program output is "Are members of the Honduran Congress using the Center for Information and Legislative Studies (CIEL), and are they receiving up-to-date reports on Congressional activities?" The indicators are based on the assumption that CIEL computer systems are successfully implemented.

The institutions or offices that would benefit from receipt of information showing progress, as demonstrated by the indicators for this program output, are the same as those indicated for Performance Indicators 1 & 2 above.

This program output is predicated on the implementation of an information system to support the functions of a new Congressional Center for Information and Legislative Studies (CIEL). Until implementation is complete, targets demonstrating use of the information system cannot be met. This is now projected to occur by early 1993.

The table at the end of this section presents more information about these two indicators for PO 5.1.

Program Indicator for PO 5.2

There are three indicators for PO 5.2:

- 1) Adherence to precepts of judicial career law
- 2) Total number of qualified full-time public defenders, law school graduate justices of the peace, public prosecutors and liaison office staff and
- 3) Effective Office of the Inspector General.

The key program management question related to this program output is "Is there a predominance of ethical, efficient and effective judicial personnel and lawyers?"

There are assumptions upon which achievement of the program output is based. If the indicators show that progress is slow and targets are not being met as planned, staff may want to review the status of the assumptions to determine if, in fact, they are valid. The indicators may no longer be appropriate to the situation. The assumptions as now identified are the following:

- There is enhanced elite political commitment to a reformed judicial process.
- Appropriate human resources are available.
- Three percent of the national budget is allocated to the Judiciary by 1995.

The users of the information generated by measuring the indicators and the method and timing of information dissemination is the same as for performance indicators 1 & 2. In addition, information will be disseminated to ICITAP by fax semi-annually.

While the unit of measure has been identified for each of the indicators, the data availability is dependent on the reporting capabilities of the institutions involved. The procedures for reporting to USAID by these judicial institutions and the Inspector General's Office is just now being identified and implemented. The Mission staff may have to provide technical assistance to assist these institutions in collecting the data and analyzing it for its own purposes as well as that of the USAID.

See the table at the end of this section for more information on these three program indicators. Immediately following the information on PO 5.3 in the table, we have listed two planned evaluations of the Strengthening Democratic Institutions project. The Mission is encouraged to identify the type of evaluations planned and to begin now to think of the data requirements to support the evaluations planned for 1994 and 1996. In addition, the staff may want to consider a sector-level evaluation before completion of project to assess the status of government institutions in Honduras, project relevancy, and appropriate next direction for the DI program.

Program Indicator for PO 5.3

There is one indicator for PO 5.3:

- 1) Total budget availability for the Court measured against constitutionally mandated amount.

The key management question that is indicative of whether the program will be able to support judicial reform in Honduras is "Is the Court receiving sufficient funds to analyze and implement reasonable reforms?"

The indicator is predicated on the primary assumption that Congress will approve either the 3% budget or fees which, with budget, will add to the 3% of net current revenue. Without this action by the Congress, the necessary support for judicial reform will be insufficient and the reforms will not be forthcoming. Given the importance of this Congressional act in achieving the program output, the Mission may not only choose to closely monitor the outcome of this assumption, but also consider support for Congressional action through the CIEL component of its DI program.

The users of the information and the timely dissemination of the information is the same as for Performance Indicators 1 & 2.

While the data source for this indicator will be the GOH's budget accounts, the unit of measurement will require that the Mission staff identify the GOH Court budget plus fee income and divide the two

figures by the national current net revenues. This will ascertain whether, in fact, the total budget available to the Court is equivalent to or more than the constitutionally mandated amount.

Program Indicators for PO 5.4

There are three indicators for PO 5.4:

- 1) Increased community attendance at town meetings
- 2) Increased proportion of municipal budgets going to capital projects
- 3) Increased coverage/provision of public services (water, sewerage, and garbage collection) by municipalities.

The key management questions regarding implementation of the municipalities program are as follows:

- Are the Mayors and the municipal officials elected directly in free and open elections?
- Does the community actively participate in local government management?
- Are communities receiving adequate local services?

These indicators are based on some basic assumptions regarding events that need to take place for the program to succeed. These assumptions, listed below, are carefully monitored by the USAID project managers.

- Municipalities will implement the provision of the 1990 municipal law.
- Implementing regulations for the law will be approved.
- The national political environment will continue to support the devolution of authority to the local level.
- Central government budgetary transfers will continue.
- Municipalities will place priority on professional managerial competence.
- People want to participate in local government decision making.

The information produced in measuring the indicators will be of benefit to the institutions and organizations listed in the table below. The manner and periodicity in which the information will be disseminated to them is also indicated.

PO 5.4 Program Indicators		
INFORMATION USER	METHODS FOR DISSEMINATION	FREQUENCY
Mission Staff	Project SARS	Semi-annually
AID/W: LAC and POL/CDIE	Action Plan	Annually
Municipal Authorities	Reports Workshops	Annually Ad hoc
Association of Municipalities	Report	Annually
Asesoria Technica Municipal of the Ministry of Government and Justice	Report	Semi-annually

As noted in the table at the end of this section, baseline information is being established for two of the three indicators for PO 5.4. When these baselines are established, targets will have to be set for all three of the indicators to track progress towards achieving the program output. Municipal records are the primary source of data for measuring progress and will be collected by the project contractors and shared with the related institutions as indicated above. Four evaluation activities have been identified to measure project and program success. A process evaluation, such as a Fourth Generation Evaluation approach, conducted after two years of implementation, is highly recommended to ensure that all stakeholders of the project/program are involved and in agreement with the project purpose and the program objective.

Program Indicators for PO 5.5

There are two indicators for PO 5.5:

- 1) Cumulative number of people having completed the "Experience America Program" and
- 2) Cumulative number of textbooks sold.

The key management question regarding the program output is the following: "Are a greater number of Hondurans exposed to and trained in democratic values?"

There are several assumptions upon which the indicators are based:

- Exposure to and experience of democratic values as practiced in the U.S. will strengthen democratic values in participating Hondurans, and will lead to the practice of democratic pluralism in Honduras.
- The political environment will continue to allow the practice of democratic values in Honduras.
- ESF or other funding sources will be available to support this activity until its completion.
- Use of U.S. produced textbooks will strengthen democratic values.
- U.S. produced textbooks will continue to be available for sale in Honduras.

Those who would benefit from the information obtained through use of the indicators for PO 5.5 are listed in the table on the next page.

PO 5.5 Program Indicator 1 INFORMATION USER	METHOD OF DISSEMINATION	FREQUENCY
Office of International Technical Cooperation, Ministry of Planning	Written Reports	Semi-annually
Mission	Project SAR	Semi-annually
AID/W: LAC and POL/CDIE	Action Plan	Annually
PO 5.5 Program Indicator 2 INFORMATION USER	METHODS FOR DISSEMINATION	FREQUENCY
University Bookstores	Verbal and Written Reports	Quarterly
Mission	Regional Contractor Reports	Quarterly
AID/W: LAC and POL/CDIE	Action Plan	Annually

The baseline for these indicators was established in 1986 and annual targets are established until 1996. Though the data for monitoring progress is well established, the staff may want to consider revising the program output to measure democracy in practice. Could this be done by taking a sample of returnees and interviewing them with open-ended questions that collect data based on situations and experience that call for the practice of democracy?

Program Indicators for PO 5.6

There are two indicators for PO 5.6:

- 1) Controller General conducting audits in accordance with AICPA standards
- 2) Audit findings of fraud and corruption are prosecuted and sanctioned.

The key management question for this program output is the following: "Is there a predominance of ethical, efficient and effective GOH auditor personnel?"

The indicators are based on several assumptions:

- The relevant GOH agencies (Controller General, Attorney General, Office of Public Integrity, and the Courts) can be encouraged to successfully prosecute fraud and corruption.
- Fraud and corruption can be identified.
- There is public and political support for combatting corruption.
- Changes in leadership in the relevant agencies will continue to support quality audits and successful prosecution.

The information generated through use of the second indicator will be made known to not only the Mission and AID/W but also to the general public via the mass media as cases are prosecuted.

The project to support the achievement of PO 5.6 is to be designed in the fall of 1992. Although an audit firm employed by the Controller General (C/G) is already conducting quality control reports on CG audits, the project TA will further assist the CG to meet AICPA standards by October 1994 as measured by the U.S. Regional Inspector General's office. In addition, with the Office of the Attorney General, the project will assist in better detection of fraud and corruption and in the prosecution of detected cases. The indicators, as shown, are expected to measure achievement of the program output to improve public accountability.

An estimate of monitoring and evaluation costs for SO 5 was made to obtain an order of magnitude of the costs to be incurred to monitor and evaluate the program. The estimate included all M&E costs, and did not factor out those project expenditures planned for implementing the project that were not necessarily designed for purposes of monitoring and evaluation. The M&E costs were estimated as follows:

MONITORING COSTS:

● COMPUTER SYSTEMS DESIGN AND INSTALLATION	\$165,000
● ON-GOING (\$55,000 Per Year)	275,000

EVALUATION COSTS	<u>420,000</u>
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ESTIMATED TOTAL FY 1992-1997	\$860,000
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ESTIMATED AVERAGE COST PER YEAR	\$172,000.
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The work group for SO 5 is encouraged to continue to monitor the estimated and actual costs of monitoring and evaluating the projects and programs designed to achieve the program-level strategic objective. In this way, sufficient resources can be made available with appropriate and effective planning.

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
Strategic Objective: 5. More Responsive Selected Democratic Institutions & Processes with Greater Citizen Participation	(Performance)										
	1) The percentage of public that believes governmental elections are fair, open and free is maintained	1) Percent favorable respondents: male <u>68.2</u> 1992 female <u>69.8</u> 1992	1989 1990 1991 1992 1993	N/A N/A N/A N/A 75 %	69 %	May 1992 Gallup Poll	May 1994 Gallup Poll	Public Opinion Poll by Gallup	Study Cost: \$2,500/year Source: 522-0296	Post elections in 1994	522-0296 Project Managers HRD Office
	2) Increased public confidence in the judicial system	2) Percent favorable respondents: Male <u>31.4</u> 1992 Female <u>33.9</u> 1992	1992 1993 1994 1995 1996	40 % 50 % 60 % 70 %	33 %	May 1992 Gallup Poll	Annual Gallup Poll	Public Opinion Poll by Gallup	Study Cost: \$2,500/year Source: 522-0296	Annually	522-0296 Project Managers HRD office
	3) Improved public perception of local governance	3) Percent favorable respondents: Male _____ Female _____	1992 1993 1994 1995 1996 1997	To be determined		Baseline not yet reliable	Sample Polled	Public Opinion Poll by Borge y Assoc.	Monitoring Cost: To be determined Source: 522-0340	Annually	522-0340 Project Mana- gers MDI Office

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
<u>Output 5.1</u> Greater and More Efficient Information Usage in Developing and Tracking Laws	1) Requests for information by members of Congress	1) Annual number of requests	1991 1992 1993 1994 1995	 25 50 100 200	 0 0	CIEL not in existence to establish baseline	Congressional Center for Information and Legislative Studies (CIEL) Database	Reports to USAID from CIEL	Monitoring by USAID Staff Cost: Non add Source: OE	Beginning 6/93 semi-annually until 6/95	522-0296 Project Managers HRD Office
	2) Timely production and distribution of the complete daily record by Congress	2) Average number of days delayed in producing daily record	1991 1992 1993 1994	 4 4 1	 7 7	Established in 1991 - 7 days	Executive Secretariat of Congress	Tracking of information by the Congressional Executive Secretary	Monitoring by USAID Staff Cost: Non add Source: OE	Semi-annually	522-0296 Project Managers HRD Office

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
<u>Output 5.2</u> Better Qualified and More Ethical and Efficient Judges, Attorneys and Administrators in Judicial Institutions	1) Adherence to precepts of judicial career law	1) Percent personnel hired, fired, and grievances heard according to judicial career law	1991 1992 1993 1994 1995	20% 50% 75% 95%	0	No procedures in place in 1991	Personnel records of Career Law Council; Selection Committee; Personnel Administration	Report of personnel actions from court computer system	Monitoring Cost: Source: Counterpart Funds	Monthly	522-0296 Project Managers HRD Office
	2) Total number of qualified full-time public defenders, law school graduate justices of the peace, public prosecutors and liaison office staff	2) Number of qualified professionals	1987 1991 1992 1993 1994 1995	274 323 375 422	0 130	Established in 1987	Court reports to USAID from Court personnel records	Those qualified identified through competition and in-service evaluation	Monitoring Cost: Source: Counter part Funds	Monthly	522-0296 Project Managers HRD Office
	3) Effective Office of the Inspector General	3) Percent complaints investigated and closed within 3 months	1992 1993 1994 1995	N/A 25% 50% 75%		To be established in 1992	Inspector General Case Records	From IG's computer- based tracking system and reported to USAID	Systems design and training in 1992 Cost: \$20,000 Source: 522- 0296 Computers Cost: Source: Counterpart funds	Monthly	522-0296 Project Managers HRD Office

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
<u>Output 5.3</u> Framework Institutionalized for Ongoing Legal and Administrative Reforms in the Judicial System	Total budget availability for the Court measured against constitutionally mandated amount	GOH Court budget plus fee income divided by national current net revenues	1991 1992 1993 1994 1995	 1.5% 2.0% 2.5% 3.0%	1.2%	Established in 1991	GOH Accounts	Budget analysis	Monitoring by USAID Staff Cost: Non add Source: OE	Annually	522-0296 Project Managers HRD Office

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
									<u>Project Evaluations</u> Mid-term evaluation Cost: \$50,000 Source: 599-0296 End-of-project evaluation Cost: \$50,000 Source: 522-0296	3rd Qtr FY 1994 1st Qtr FY 1996	HRD Office 522- 0296 Project Managers

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
Output 5.4 Fourteen Municipalities Execute Managerial & Financial Functions on a Sustainable Basis in Response to Constituent Needs	1) Increased community attendance at town meetings	1) Average number of participants per meeting: Male _____ Female _____	1991 1992 1993 1994 1995 1996 1997	50 200	20	Average of 20 in 1991	Official minutes of town meetings from municipal records	Analysis of data collected	Monitoring by Project TA Contractor (ICMA) Cost: \$3,000/Yr Budget: Source: 522-0340	Collected monthly Reported semi- annually	MDI Office Project 522-0340 Managers
	2) Increased proportion of municipal budgets going to capital projects	Percentage increase of municipal budget for capital projects	1991 1992 1993 1994 1995 1996 1997	 60%		To be established as of 12/1991	Actual budget expenditures from municipal financial records	Analysis of data collected	Monitoring by Project TA Contractor (ICMA) Cost: \$3,000/Yr Budget: Source: 522-0340	Collected Monthly Reported semi- annually	MDI Office Project 522-0340 Managers
	3) Increased coverage/provision of public services (water, sewerage & garbage collection) by municipalities	Percentage increase in families receiving public services	1991 1992 1993 1994 1995 1996 1997	 30%		To be established as of 12/1991	Municipal Records	Analysis of data collected from municipal records- database designed June 1991 by private firm	Monitoring from data base by municipalities and reported to ICMA (International City Management Association), project contractor Cost: 1992 design- \$44,000; Monitoring by contractor- \$6,000/Yr Budget: Source: 522-0340	Collected Monthly Reported semi- annually	MDI Office Project 522-0340 Managers

[illegible]

[illegible]

STRATEGIC OBJECTIVE/ PROGRAM OUTPUTS	INDICATOR	UNIT OF MEASUREMENT	TARGETS			BASELINE INFORMATION	DATA SOURCES	METHOD APPROACH	MONITORING; EVALUATION; OR STUDIES	HOW OFTEN OR WHEN?	RESPONSIBLE STAFF
			DATE	PLANNED	ACTUAL						
Output 5.6 Strengthened GOH Auditing Capability and Public Accountability	1) Controller General Audit in Accordance with AICPA Standards	a) AICPA Standards Met b) RIG Standards for Certification Met	1988 1993 1994 1995	 Met Certified	Not Met	Determined in 1988. Audit Reports do not AICPA Standards	a) Quality control reports from an accounting firm b) Regional Inspector General report	a) Quality control procedures b) Peer review	a) Periodic Monitoring by Independent, Private Sector Audit Firm Cost: Funded by Source: GOH b) Evaluation for Certification Cost: N/A Source: RIG	a) On-going b) 10/1994	Controller Office/FARS Division 522- 0381 Project Managers
	2) Audit Findings of Fraud and Corruption are Prosecuted and Sanctioned	Cases successfully prosecuted	1992 1993 1994 1995	 Cases Prosecuted	No Prosecution	In 1992 no follow- on to disclosures of fraud and corruption	Controller General: official files, Attorney General Office: court records; Office of Public Integrity: cases identified	Tracking of cases prosecuted from cases identified by Controller General, Attorney General and Office of Public Integrity	Monitoring Cost: \$100,000 (3 Yrs) Source: 522-	On-going	Controller Office 522-0381 Project Managers
									<u>Project Evaluation</u> Mid-course Evaluation at 2 Yr. point in project implementation Cost: \$50,000 Source: 522-0381 End-of-Project Evaluation Cost: \$50,000 Source: 522-0381	4th Qtr. FY 95 1st Qtr. FY 97	Controller Office 522-0381 Project Managers Controller Office 522-0381 Project Managers

ANNEX 1

TDY SCHEDULE

**DAY 1 (8/24) MEET WITH MISSION MANAGEMENT AND KEY
OFFICE HEADS**

**DAY 2 (8/25) CONDUCT M&E WORKSHOP WITH ALL
MEMBERS OF STRATEGIC OBJECTIVE
WORKGROUPS**

**DAYS 3-5
(8/26-28) REFINE SOs, POs, AND INDICATORS WITH SO
WORKGROUPS**

**DAYS 6-8
(8/31-9/2) DEVELOP DRAFTS OF M&E PLANS**

**DAY 9 CONDUCT WRAP-UP MEETING AT WHICH
STRATEGIC OBJECTIVE WORKGROUPS BRIEF
MISSION MANAGEMENT ON PROGRESS IN
DEVELOPING M&E PLANS**

**DAY 10 DRAFT TDY REPORT FOR SUBMISSION TO
MISSION MANAGEMENT**

MONITORING AND EVALUATION WORKSHOP

USAID/HONDURAS

TUESDAY, AUGUST 25, 1992

AGENDA

8:30	INTRODUCTIONS AND OBJECTIVES FOR THE TDY	LARRY BEYNA
8:45	ORIENTATION TO MONITORING AND EVALUATION AND THE USAID'S M&E PLAN	TURRA BETHUNE
9:30	THE FIRST STEP: WHO NEEDS TO KNOW WHAT--COMPARING KEY QUESTIONS OF MANAGERS AND POLICYMAKERS WITH THE PROPOSED INDICATORS AND INFORMATION THEY WILL GENERATE	LARRY BEYNA
	THE FIRST STEP FOR USAID/ HONDURAS'S M&E PLAN	STRATEGIC OBJECTIVE WORKGROUPS
	WRAP-UP	LARRY LERER
12:00	LUNCH	
2:00	MEASURING IMPACT ON THE POOR	RANDY LINTZ
	IMPLICATIONS FOR MEASUREMENT AND DATA COLLECTION	BOBBIE VAN HAEFTEN
	HOW DO WE MEASURE THE IMPACT OF USAID/HONDURAS'S PROGRAM ON THE POOR?	STRATEGIC OBJECTIVE WORKGROUPS
	BREAK (WHEN CONVENIENT)	
	WRAP-UP	LARRY LERER
4:30	THE TDY SCHEDULE: THE NEXT 10 DAYS	LARRY BEYNA

ANNEX 2

ELEMENTS OF A MISSION'S PLAN FOR MONITORING AND EVALUATING PERFORMANCE

1. THE STRATEGY AND INTENDED IMPACTS TO BE MONITORED/ EVALUATED

- a. Strategic Objective and Program Output Objectives
- b. Major Assumptions Underlying the Program (strategic assumptions that govern the linkages between project/program activities and POs, between POs and SOs, and between SOs and mission goals)
- c. Program/project Activities and Non-project Activities Aimed at Accomplishing the Objectives

2. MAJOR USERS OF M&E INFORMATION AND THE INFORMATION THEY NEED

- a. Major Information Users (Key Managers) and Key Managers' Questions (There are many potential users of the information provided by this system. These users include the U.S. Congress, AID/Washington in general, the LAC Bureau, and mission program and project managers. Each of these users has different information needs which need to be taken into account in the development of the mission's program monitoring and evaluation plan. Key manager's questions are identified to guide the appropriate selection of indicators, and to keep to a minimum the number of indicators selected for reporting to AID/W. These questions reflect the basic questions that might be asked of program managers by policy makers, as well as those asked by managers in order to manage implementation of the program.
- b. Intended Uses of M&E Information (the specific types of decisions that will be made on the basis of the specific types of information to be collected and analyzed)
- c. Plans for Information Dissemination (specifications of how and when M&E information will be disseminated to the key managers who need it)

3. PERFORMANCE INDICATORS, MEANS OF COLLECTING DATA, AND TARGETS TO BE USED FOR MEASURING PROGRESS ON STRATEGIC OBJECTIVES AND PROGRAM OUTPUT OBJECTIVES AND FOR ANSWERING KEY MANAGERS' QUESTIONS

- a. Indicators and Units of Measurement (Unit of Measurement: precise clarification of the indicator, so that there is no ambiguity about what is being measured. For example, does the indicator measure impact on all children, children under five or children between 2 and 5

years of age? What precisely is a small farm? Is land area being measured in hectares or some other unit?)

- b. Assumptions Underlying Indicator Selection and Issues Involving Indicator Utility
- c. Quantitative or Qualitative Targets (Expected Results) (projections of the future value for an indicator. For an SO, the projection should be for 5 to 7 years in the future; for PO, the horizon is likely to be considerably shorter.)
- d. Baseline Data for Each Indicator (the starting value (or benchmark) for each performance indicator. The baseline frequently represents the latest date for which actual data on the indicator is available. The dates for the baseline data will vary considerably across indicators (i.e., some in 1992, some in 1991, some in 1990, and so forth) depending upon project time schedules, availability, or the need for a USAID special study.
- e. Data Sources
- f. Method or Approach for Collecting and Analyzing Data (the specific method used to collect the information. For example, will extension agents make visual observations and record their observations on a standardized report form? Will in-depth case studies yield the qualitative information needed? Will private manufacturers submit an annual report of needed data to a government ministry, and will the ministry then analyze the data by using certain formulas?)
- g. Cost and Source of Funds for Data Collection (this element includes designation of whether the M&E activity will be monitoring of progress achieved, evaluation to determine why or why not progress was achieved, or a special study that is neither traditional monitoring or evaluation. Then costs are estimated and the sources of the funds are indicated. Will funds come from current project funds, from PD&S funds, from a new project, etc.? It is advisable to differentiate between funds that are already available within project or program budgets from additional funds that will be needed to accomplish the monitoring, evaluation or special study.)
- h. Frequency and Timing of Data Collection
- i. Office/Staff Responsible for Data Collection, Analysis, and Reporting
- j. Assessment of Likely Quality of Data That Will Be Collected
- k. Special Linkage and Evaluation Studies

4. ROLLING ACTION PLAN FOR COLLECTING, ANALYZING, REPORTING DATA

(A detailed workplan for collecting, analyzing and reporting all the data with respect to the SO. This plan should cover several years of M&E activity -- perhaps three--and should be revised periodically, perhaps annually.)

- a. Tasks to be Performed
- b. Schedule of Tasks
- c. Responsible Individuals/Offices